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# ***JPRS Report***

## **China**

***QIUSHI [SEEKING TRUTH]***

No 11, 1 December 1988

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## QIUSHI

No 11, 1 December 1988

### Summary of Economic Speeches

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["Summary" of speeches at a forum jointly sponsored by QIUSHI, the Central Television Station, and ZHONGGUO SHEHUI KEXUE ZAZHI [CHINESE SOCIAL SCIENCE JOURNAL] on 28 October 1988: "Improve the Economic Environment, Rectify Economic Order, and Comprehensively Deepen Reform"]

### [Text]Do Our Best To Achieve Our Goal

Wu Jinglian [0702 2417 8834], researcher of the Economic, Technological, and Social Development Research Center under the State Council:

I would like to offer my views on how to fulfill the three tasks of improving the economic environment, rectifying the economic order, and comprehensively deepening reform as follows.

1. The general commodity price hikes progressively going up since early this year result from the accumulation of excessive money supply in the past 4 years. The failure of financial departments to control the total money supply directly leads to excess over a long period. In addition, there are other underlying causes, such as poor economic structure, defects existing in the systems resulting in poor economic structure, and so forth. We have done a good deal and achieved considerable success in transforming the old development strategy, improving economic structure, and reforming the old systems to establish new ones over the past 10 years. However, the fact that we are unable to check inflation, currently running rampant at double digits, shows there are still defects and mistakes in our reform work. If we want to take a drastic measure to successfully eliminate the underlying causes of inflation, we must earnestly review our course over the past 10 years, sum up our experiences, plug loopholes in our economic system in particular, and ensure effective macro-economic regulation and control. It will be difficult to get satisfactory results, I am afraid, if we take near-term countermeasures to deal with the situation as it stands, and adopt the method of "suing the medicine to the illness," which will attend to trifles to the neglect of essentials.

2. Serious defects existing in the current economic management system have caused obstacles to our efforts to improve the economic environment and rectify economic order. Such obstacles must be eliminated. For example, there is zero growth or even a decrease in the state-owned institutions' investment in fixed assets (excluding the factor of commodity price increases, calculated by the actual quantity of materials in kind [shi wu liang 1395 3670 6852]) in the past year. Under the circumstances, there are two essential conditions for

correctly carrying out the central authorities' requirement for reducing demand by investment. First, every department and locality must take the initiative in fulfilling the overall reduction plan. Second, we must make efforts to resolutely carry out the policy of restructuring. Projects beneficial to partial and local interests, but not in the interests of the whole national economy must be resolutely curbed or reduced. Projects beneficial to the national economy must receive our support, even though they are no good for partial and local interests. However, the pattern of distribution of profits and benefits, and the organizational system taking shape under the current overall financial contract responsibility system, are unfavorable for the concerted efforts by the whole nation with one heart to control fixed investment and simultaneously improve the investment structure. If we do not do a good job now, we might not be able to check inflation; we might curb investment in projects which should not be curbed, and fail to curb those which ought to be curbed. Such mistakes will result in a more grotesque structure and a slowdown in production. Therefore, we must properly restructure the existing financial system to regulate the conflicts of interests between localities themselves, and between a part and the whole by means of a regular mechanism.

3. Our foreign trade system encounters similar problems. The measure recently adopted to equalize foreign exchange retention rates in all localities is a correct one. It will play a role in effectively bringing under control "keen competition" for price hikes and panic buying in the domestic market, as well as dumping in the overseas market. However, this is still not enough. We must consider conducting greater restructuring of the existing foreign trade overall contract responsibility system; otherwise, things will go badly in our efforts to straighten out disorder in the field of circulation.

4. Our efforts to improve the economic environment, rectify economic order, and comprehensively deepen reform are interrelated. They promote each other. We must not think that our present tasks are only improving the economic environment and rectifying economic order and, thus, relegate the task of deepening reform to the distant future. The experiences of some countries have shown that timely implementation of the reform of commodity prices is an effective way to deal with the problem of inflation. The central authorities decided that the focal point of our work in 1989 and 1990 is to improve the economic environment and rectify economic order. However, this does not mean that the policy of freezing all commodity prices will be adopted to place the prices of products and essential factors under rigid control before the end of the year 1991. When the trend of the expansion of total demand is brought under control, adopting proper measures to gradually promote the reform of commodity prices will only be conducive to improvement of the economic mechanism and further stability of the economy. No contrary results will be produced. For instance, by setting a ceiling on market prices (that is, setting state guiding prices), relaxing our

control over the regulatory prices of certain appropriately selected products could be a good way to ease the "double track system" [shuang gui zhi 7175 6510 0455], while promoting reform without simultaneously causing a serious impact. Any attempt to freeze various kinds of economic relationship will end in failure. It will make us unable to persist in our policy of promoting reform and development on the basis of stability and, as a result, lead to another round of fluctuation and upheaval because the economic mechanism cannot get improvement and economic results cannot be increased.

5. Since it is a gigantic system's project to fulfill these three tasks, we must be profoundly farsighted and have a well-conceived design, and proceed with handling problems on hand while making long-term plans, to bring about their systematic realization. In order to succeed in this endeavor, we still need to carry on the helpful discussions conducted during the previous period on the objectives of medium-term reform and how to promote it, to make people have a better understanding and use the rationale acquired from their own and others' experiences to provide work guidance. This is very necessary in reducing people's blindness and enhancing their awareness.

#### **Several Issues Which Need To Be Fully Grasped in Implementing Policies of the Central Authorities**

Hu Ji [5170 1323], deputy chief of the Economic Trends Section of the Economic, Technological, and Social Development Research Center Under the State Council:

In order to work successfully to implement the central authorities' guiding policy of improving the economic environment, rectifying economic order, and comprehensively deepening reform, we need to properly grasp the following points:

First, while handling the relationship between construction and reform, we must stabilize the economy to create an economic environment accommodating and facilitating reform. At the present stage, excessively hasty demand on construction will lead to overheated economic growth and the outstripping of total supply by total demand. This, on the one hand, will cause economic construction to expand, due to the interaction of bottleneck industries—the baneful cycle of restrictions: while, on the other hand, it will make things difficult for the implementation of key measures (price reform) during economic reform, because economic growth is overly extended, resulting in ineffective operating mechanism and chaotic economic order. Therefore, a relatively accommodating economic environment must be maintained in the course of reform. In the past, some comrades looked upon it as a passive policy; they believed that it means man-made slowdown of economic growth and slackening of reform. After the central authorities have reaffirmed the policy of improving the economic environment and stabilizing the economy, we still need

to have an active attitude and correct measures to ensure its actual implementation, avoid feeling satisfied after a shallow trial, and prevent recoil.

Second, while carrying out reform and the open policy, we must strengthen the macro-economic regulation and control and various basic management work. Because the original directive planning system, upon which our economic activities depend, has been destroyed, because a new market system and mechanism have not been firmly established, and because basic management work in all fields of endeavor has not kept up the pace, our economic operations are out of control, and it is in chaos. However, even while two systems exist simultaneously, state regulations and control are not entirely in a state of inertia and powerless. Maintaining that reform means relaxing control, some comrades stressed the so-called "it works as soon as reform is implemented" cliché, and regarded strengthening management as retrogressive. As a matter of fact, relaxing control and management oppose unity. In order to strengthen our regulation, control, and management, we must employ more economic and legal measures in the entire course of reform and the open policy. We must not hastily give up the necessary administrative measures. Moreover, we must strengthen and improve disciplinary measures, as well as ideological work. All trades and professions, institutions, and units must strengthen their respective basic management.

Third, we must persist in the struggle against corruption, while carrying out reform and the open policy. The soil which engenders corruption must be eradicated. Before doing this, we should tenaciously persist in the struggle against corruption. A number of Western countries and developing regions have acquired very good experiences in fighting corruption, and we may draw on their experiences. At the same time, we should inherit and carry forward our intrinsic favorable political situation. We should give full play to the role of supervision by public opinion, dare to deal with those who have higher connections, and never be softhearted in doing so.

Fourth, the fundamental issue lies in comprehensively deepening reform and bringing about the transformation of systems as quickly as possible, to enable the new operating mechanism to effectively give play to its complete functions. The three links of the new economic operating mechanism (state regulations and control, market mechanism, and enterprise mechanism) are an organic whole. Their reform should be carried out in an coordinated and complementary manner. Rationalization of the price system and the formation of a competitive market are the keys to transformation of systems. It will be hard for us to deepen reform of the enterprise mechanism and the state regulatory and controlling measures and achieve final successes in these endeavors without active promotion of price-market reform. Consequently, the most pressing and rigorous challenge confronting China's economic reform is price-market reform. To carry out this reform, we must solve the

problem of double distortions in the price system, (namely, unreasonable comparison of product prices and big difference in the "double track" prices), transform the mechanism by which prices are decided, and change the situation of decentralized administrative power and the market being carved up into several sectors.

The Focal Points Must Be Clear He Jiacheng [0149 1367 2052], deputy research fellow of the Research Center of the CPC Central Committee for Reform of the Political Structure:

Next year's goal of improving the economic environment and rectifying economic order is to ensure that the increase of commodity prices next year will be notably lower than this year. To achieve this goal, I believe, it is necessary to reduce society's total demand, especially that of the capital construction scale and institutional purchases, the focal point of our current drive to improve the economic environment.

This is because a total demand larger than total supply constitutes the root cause of commodity price increases. Price increases are something everyone notices in daily life. However, not everyone is able to notice when the total demand exceeds the total supply. Inflation resulting from a total demand larger than total supply means more bank notes and fewer commodities. For an individual, an enterprise, or even a locality or department, more money is a good thing. Besides, possession of more money does not necessarily mean fewer commodity supplies in society. The question is that inflation, resulting from a total demand larger than total supply, is bound to be felt in the entire economic life. It may reflect itself in an increase in commodity prices, which is also called open inflation abroad. This is what we have experienced since the reform. It may also reflect itself in commodity shortages and the rationing of commodities, which is called hidden inflation. This was the case before reform. How inflation will reflect itself in economic life is decided by the economic structure of a society, especially the structure of commodity prices. It is decided by the question of who has the power to decide prices, the state or enterprises. Generally speaking, in a situation where there is more money and fewer commodities, inflation will reflect itself in commodity increases if the enterprises hold the primary power of decision on prices; on the other hand, if the state has the primary power of decision on prices, inflation will reflect itself in commodity shortages and in the rationing of commodities.

When the relationship between commodity price increases and a condition in which total demand exceeds total supply is clarified, the relationship between commodity price increases and reform is easier to understand. The above discussion can be summarized in two points. The first point is that, as a result of reform, inflation derived from a total demand larger than total supply reflects itself in commodity price increases, rather than in commodity shortages and rationing. This is because reform has increased the decisionmaking power

of the enterprises, including the power to decide prices. The second point is that reform is by no means the root cause of commodity price increases. They were caused by the past economic structure, one which is unable to strike a rough balance between total demand and total supply. This is the case, not only in China, but also in the Soviet Union and East European countries as well. This is also the very reason why many economists abroad call the traditional socialist economic structure "economics of shortages," in which demand exceeds supply. In such an economy, the question of total demand larger than total supply cannot be satisfactorily resolved despite the fact that we possess the two major categories [liang da bu lei 0357 1129 6752 7352] of Marxist principles and the principle of overall balance, which we derived from experience. In this sense, we have every reason to say that the old economic structure has caused the condition in our country, in which total demand is larger than total supply. The old economic structure lacks vitality and efficiency and is liable to create a tendency of seeking quick results in the ideology guiding economic construction. Our reform is aimed at changing this very economic structure and structurally eradicating the root cause of demand exceeding supply. In the past 10 years, production has developed, the market has become more prosperous, and the people's living standards have improved. These facts show that reform has changed to a certain extent the past situation in which total demand greatly exceeded total supply. However, the increase of commodity prices in the last 10 years, particularly the current sizeable increase, indicates the problem of total demand exceeding total supply has not been completely resolved. Fundamentally speaking, we must rely primarily on in-depth, comprehensive reform to resolve this problem. To carry out this reform, we must improve the economic environment and rectify economic order in the next 2 years.

To achieve a general balance between demand and supply, it is necessary to begin working on demand and supply simultaneously. While emphatically calling for reducing total demand, the 3d plenary session of the 13th CPC Central Committee has made very good arrangements to improve and increase total supply. Nevertheless, the focus of improving the economic environment should be on reducing total demand and most important on reducing capital construction and organizational purchasing power. This is because it takes time to increase total supply and there is a production cycle for all kinds of commodities. Therefore, to contain inflation, it is necessary to shift the focus of improving the economic environment on reducing total demand. Because total demand is equal to investment demand plus consumption demand, because consumption demand includes personal consumption demand in addition to organizational purchasing power, and because it is difficult to reduce consumption demand, such as wages and bonuses during the initial stage of improving the economic environment, it is wise and relatively easy to achieve a shift of focus to improving the economic

environment on reducing the scale of capital construction and organizational purchasing power. Of course, this does not mean ignoring the importance of solving other problems, such as checking the excessively rapid growth of consumption funds, but means that the solution of the present key problem will propel the work of improving the economic environment.

In conclusion, in simple terms, the focus of rectifying economic order should be placed on correcting the chaotic condition in the sphere of commodity circulation. As we are in a period of transition from the old to the new system, economic confusion in various spheres will occur during this period. However, rectifying the chaotic condition in the sphere of commodity circulation should remain the focus of correcting economic order in the next 2 years. Only thus will it possible to keep price hikes next year at a level lower than this year. Take grain as an example. China's grain output is expected to decline this year, due to many natural disasters. Besides China, reduction in grain production is a worldwide phenomenon this year. Importation of large quantities of grain will not be in China's interest, and it is unnecessary. Our grain reserves provide the means for us to satisfactorily arrange grain supply next year, but trouble could occur if acts of disrupting the grain market, such as buying grain at higher prices, hoarding and speculation, and inflating grain prices, are perpetrated in the sphere of commodity circulation. This is not alarmist talk. The "fierce battle" of buying grain at higher prices has been going on for a few years, and no state bans have produced a result. The "fierce battle" has continued this year, resulting in a sharp rise in grain prices on the market. If these acts are not checked until a problem occurs in grain supply, we shall certainly fail in our effort to improve the economic environment and rectify economic order next year. Therefore, the current priority in rectifying economic order must be to correct chaotic commodity circulation.

#### **Comprehensively Understand and Implement the Principles of the Third Plenary Session**

Yang Qixian, member of the State Commission for Restructuring the Economy:

Some comrades attribute current difficulties and problems to reform, and think that they are caused by mistakes in reform. Such a view is unfounded and against the facts. If we analyze matters, it will not be hard to find that the present problems are precisely the result of our failure to thoroughly and successfully reform the old system. For instance, excessively rapid economic growth, excessive construction projects, increased demand, and an unstable market were constant phenomena of the "shortage economy" under the old system. Current problems are nothing but a recurrence of the defects of the old system. Since reform is still proceeding; various economic relations have not yet been straightened out; and two different kinds of system, mechanism,

and management methods exist simultaneously; contradictions, loopholes, frictions, and even conflicts are objectively inevitable. Moreover, reformative measures, such as central and local financial contracts, contracts signed by enterprises with the state concerning profit delivery and tax payment, and the "double-track" price system, are explorative and transitional in nature. They sometimes yield both positive and negative side effects. If we do not make a realistic, overall analysis, and if we view current problems in an isolated way with the "equalitarian viewpoint" of the traditional centralized planning system, or with the "value viewpoint" of the system of developed commodity economy, we shall inevitably reach an incorrect conclusion that nothing is normal, regard reform as a failure, and lose our confidence and courage to continue our advance. We must be determined to solve present problems, and there are two ways to do so. One is to study and use new methods; and, in essence, this is to push reform forward. The other is to resort to traditional methods; and, in essence, this is to pull reform backward. However, facts in the last several decades prove that there will be no way out if we do not carry out reform. We must use reformative methods to solve the difficulties and problems emerging in the course of the reform.

#### **Improvement and Rectification Must Rely on Reform**

Sun Xiaoliang, director of the Economic Management Bureau of the State Commission for Restructuring the Economy:

Problems concerning economic environment and order, such as inflation, imbalance between supply and demand, and disorder in economic life, are caused by many interrelated social, economic, and psychological factors. Of these, the defects of economic mechanism are a fundamental cause. For this reason, it is unrealistic to expect a fundamental solution of these problems in 2 years of improvement and rectification before we fundamentally change the economic mechanism.

Facing us is such a contradiction: On the one hand, a thorough reform of the pricing, production, and circulation systems requires us to improve the economic environment and rectify economic order. On the other hand, to fundamentally carry this out requires us to transform economic mechanism in the course of restructuring the economy. In order to solve this contradiction, it is necessary to adopt alternate promotion tactics. The main points are that, currently, we should rely mainly on administrative means to improve the economic environment and rectify economic order for a temporary and limited objective. Once the objective is attained, we should quickly start reform of the pricing, production, and circulation systems, in order to create a new economic mechanism. Then, we should rely on the new economic mechanism to thoroughly improve the economic environment and rectify economic order. In the alternate promotion process, we should alleviate two problems. One is to prevent people from regarding

temporary administrative means as permanent reformative measures and perpetuating them. In this case, reform will be interrupted, and the old system will be restored. The other is to prevent people from expecting too much from the efforts to improve the economic environment and rectify economic order in the next 2 years. In this case, people will go after high objectives of improvement and rectification which cannot be attained through administrative means, and will bungle the opportunity for reform of the pricing, production, and circulation systems.

The heart of improving the economic environment is to improve the balance between total supply and total demand. To do so, it is necessary to adopt measures to control demand and increase supply.

The question of controlling demand: The fundamental cause of our protracted failure to control demand, whether it is demand for capital goods or consumer goods, lies in the fact that we have only the mechanism to stimulate investment without one to control it, and that we have only the mechanism to boost consumption without one to restrict it. Under such circumstances, it is necessary to stop projects under construction and to reduce investment in order to control demand. However, to resolve this question once and for all, we must develop a control mechanism through reform of the relevant structures. Currently, we can adopt the following reform measures: readjusting investment decisionmaking structure and taking away the investment decisionmaking power from noneconomic entities, which are unable to assume investment risks; reforming the performance evaluation system, under which the performance of government officials is rated by the speed of development, to reduce the enthusiasm of government officials for investment; implementing housing reform to divert spending from "hot points"; and linking wages with economic results to control consumption. All these are feasible reform measures, aimed at controlling demand.

The question of increasing supply: To increase supply, it is necessary to appropriately increase monetary input. However, we must realize that increasing monetary input may directly lead to an increase in demand, which is not conducive to alleviating the contradictions between supply and demand. Therefore, we must not use this as the primary means of increasing supply, at least not at the present. Instead, we should carry out reform to improve the mechanism of running the enterprise. Currently, there are two measures which can be implemented. The first is to improve the system of contracted responsibility in operating enterprises. The second is to promote the merger of enterprises. By taking these two measures, we can effectively increase supply without increasing monetary input or with only a slight increase in monetary input.

The question of rectifying economic order: Although there are ideological and administrative causes for the disorder in certain areas of current economic life, the

fundamental cause lies in the lack of supportive structural reform measures. As a result, structures related to each other are no longer able to check each other. Under such circumstances, it is necessary to stress the need to strengthen discipline, to take the general interest into consideration, and to strictly enforce orders and prohibitions. However, we must rely on the mechanism inherent in the structures to check against each other, if we want to establish a new commodity economic order once and for all. We must adopt supportive measures to establish this mechanism. In summary, we can describe the relationship between improving the economic environment and rectifying economic order on the one hand and deepening reform on the other hand in this way: Improving economic environment and rectifying economic order serves to deepen reform. At the same time, deepening reform will help improve the economic environment and rectify economic order. Improving the economic environment and rectifying economic order in a departure from reform is like a "movement" without its "goal."

#### How to Prevent 'Stagflation' While Reducing Demand?

Li Yining [0632 0110 1337], professor of Beijing University Economics College:

If total demand is simply suppressed when structural imbalance exists in an economy, it may lead to excessive economic retrenchment. Meanwhile, if the rate of price rises does not go down because of structural problems, economic "stagflation" may occur. However, possibility is not tantamount to reality. Possible "stagflation" becomes actual "stagflation" only when there is corresponding purchasing power. If purchasing power is not strong enough, it is still hard for the prices of goods in short supply to go up, even when the structures of demand for, and supply of, commodities are not coordinated. If purchasing power still causes price rises after measures are taken to cut total demand, then we must know where such purchasing power comes from.

Does it come from state expenditure and bank credit? Or has some state expenditure and bank credit turned into purchasing power for goods in short supply? Generally speaking, there is no such possibility at a time of excessive economic retrenchment. Cutting total demand includes reducing state expenditure and bank credit.

Does such purchasing power come from earnings through exports, remittances from overseas Chinese, spending by people from abroad (earnings from tourism), or foreign investment? This is because all such incomes may turn into purchasing power for goods in short supply. Cutting down domestic demand and increasing earnings through export, remittances from overseas Chinese, earnings from tourism, and foreign investment can go hand in hand. In such a situation, the increased purchasing power for goods in short supply will not cause price rises, provided the increased foreign exchange is rationally used to increase the supply of

goods in short supply (such as importing more goods in short supply) or to import more means of production that can turn out goods in short supply.

Then, we are faced with this question: Since purchasing power which can cause price rises at a time of economic retrenchment does not come from state expenditure and bank credit or from foreign exchange earnings, where does it come from?

It may come from the following two sources:

First, it may come from people's savings deposits and cash in hand. At a time of economic retrenchment, if people anticipate changes, they may turn their bank deposits and cash in hand into purchasing power to buy goods in short supply, causing price hikes.

Second, it may come from enterprises' after-tax profits. Enterprises may spend such money for public consumption or divide the money among their workers and staff members for personal spending. Such workers and staff members will then buy goods in short support, causing price hikes. It should be pointed out, however, that, if an enterprise is self-restrained in using its profits and pursues a long-term development policy, it will take into consideration the objective situation in economic retrenchment, exercise self-restraint in using its after-tax profits, economize on spending for public consumption, and divide less money among its workers and staff members; it will put stress on raising productivity, lowering production costs, and increasing accumulation funds. Otherwise, if an enterprise is not self-restrained in using its profits and has only short-term plans, it may very well fail to take into consideration the situation in economic retrenchment and divide all its after-tax profits among its workers and staff members. This may also cause price rises.

Thus, it is clear that, under the circumstances of a structural imbalance, possible "stagflation" can turn into real "stagflation," if the Government, while taking measures to rein in demand, fails to reduce the pressure and lessen the impact of the residents' savings and their ready cash on the market. By the same reasoning, if the Government fails to reform the enterprises' operational structure while reining in demand, and if the enterprises fail to exercise self-restraint in using their after-tax profits and still pursue short-term policies, the possibility of "stagflation" can become the reality of "stagflation."

What we want to discuss is how to prevent "stagflation" while reining in total demand.

First, the question of residents' bank savings and ready cash.

In our efforts to curb demand, to prevent panic buying when the residents perceive major changes are going to take place in the market, the Government should raise

interest rates and offer value-insured savings accounts as well as savings deposited as future payments for commodities to encourage the residents to save more. At the same time, the Government should advise the residents to use a part of their savings to buy houses or share certificates because the values of both are guaranteed. Because houses and shares bought means short-term capital turned into long-term capital and consumption funds turned into production funds, they are profitable ways for diversification of savings. In order to increase market supplies, the self-employed workers and peasants should be encouraged to convert their ready cash into production capital, instead of squandering them on luxuries.

Second, the question of the enterprises' operational mechanism.

Not only increasing supplies, but also restraining demands depends on deepening enterprise management. Enterprise reform means reform of an enterprise's operational mechanism. Only when an enterprise exercises self-restraint regarding its own interests can it begin to think about how and on what to spend its after-tax profits and how to avoid short-term actions. Then, how should an enterprise's operational mechanism be reformed? Obviously, the contract system is not the answer, because under the contract system, the "umbilical cord" between the administrative department in charge and the enterprise is not severed, and an enterprise under the contract system is not independently managed nor is it a commodity producer responsible for its own profits or losses. The contract system must be gradually replaced by the stock system. The economic activity of a stock enterprise is decided by the interests of the investors. The long-term interests of stock enterprises can be adapted in keeping with the intentions of micro-economic readjustments. In other words, during a period of economic retrenchment, the investors, for the sake of their long-term interests, will exercise self-restraint in the use of their after-tax profits instead of focusing their attention on short-term gains and trying to maximize their short-term interests. This way, near-sighted acts, such as dividing all after-tax profits among the workers and staff members, can also be prevented.

Based on the above, we can reach the following conclusion: Given the condition of a structural imbalance, "stagflation" is not improbable. But if we strive to increase supply while curbing demand, take measures to stabilize residents' savings, guide residents to buy houses and stocks with their bank savings and cash, deepen enterprise reform, and establish a system requiring the enterprises to exercise self-restraint in their own interests, "stagflation" is preventable. In other words, if we do all these things, our economic future will be not "stagflation," but moderate growth and declining inflation.



## Two Potential Problems

Zuo Chuntai [1563 2504 0669] (Finance Ministry)

There are two potential problems which have not yet been noticed. First, the depreciation fund retained in the form of monetary value under inflation cannot compensate for material objects. Under such circumstances, we have to either suspend the process of social reproduction or explore new channels for funds in order to ensure the compensation for depreciated fixed assets with material objects. Second, our construction is being carried out with domestic and foreign debts, and there should be differences between distribution of income derived from an economy developed by debts and that by funds at our disposal. In the case of the former, income should be distributed after funds for repaying debts are deducted from the annual national income. However, such funds for repaying debts are not listed in the state budget. Hence, when we are unable to make the repayment, we have to either incur new debts or cut back on annual investment and consumption. By "eating one's corn on the cob," these two potential problems can destabilize the economy. They are now brought to attention so that we can better perceive difficulties and problems.

At the root of the current inflation and drastic price rises is an overheated economy brought about by overanxious efforts to seek fast growth and quick results. As problems crop up, such efforts have been slowed down, but they can be stepped up once the situation improves. Balance is the sole objective criterion for evaluating and maintaining an appropriate growth rate. As long as we strike a balance between total supply and demand, and an overall balance in state finances, loans on credit, material supply, and foreign exchange, there is no need to worry about the growth rate. The "super-high rate" was no good, because it was achieved on the basis of imbalances. Only when we maintain a comprehensive balance, rational (proportionate) structure, and steady growth rate is it possible to integrate reform with development and speed with efficiency. Balance should also be able to create the best milieu for the pricing reform. It has been repeatedly proved in history that a seemingly slow speed is actually rather steady, and that overanxious, subjective efforts to seek quick results can slow the speed.

## It Is Necessary To Steadfastly Implement the Principles Adopted by the 3d Plenary Session of the 13th CPC Central Committee

Wu Kaitai [0702 0418 3141] (Researcher at the State Council's Economic, Technological, and Social Development Research Center)

Some prevailing views have hindered steadfast implementation of the principles adopted by the 3d plenary session of the 13th CPC Central Committee. One of them is reflected in the concern over re-emergence of the "landslide" in production—slow growth rate caused by tightening loans on credit from late 1985 to early 1986—

as a result of the effort to curb inflation. At that time, the growth rate was slowed in order to resolve the "super-high rate" and return the economy to the normal speed of development, and the drastic dip in industrial production was actually caused by improper measures to tighten loans on credit. It is necessary to draw lessons from past experience in tightening loans and improve measures in this aspect. However, we should not negate the need for tightening loans under such economic circumstances.

There is another view, which believes that, in solving inflation, we should not emphasize restricting demand, but should rely mainly on increasing supply. Of course, it is necessary to do everything within our capabilities to increase supply. However, the increase in supply cannot exceed objective possibilities. In view of acute inflation, emphasizing the importance of increased supply alone, while playing down the need to curb demand, cannot help curb inflation.

Some comrades have misgivings that the administrative measures currently in force may cause regression in reform. As a matter of fact, they are temporary measures which have to be taken, and they are not aimed at returning to the old system, but at creating better conditions for accelerating establishment of the new.

In short, it is necessary to overcome hesitation and oscillation, resolutely cut back on investment, rationally tighten loans on credit, control the growth rate of consumption funds, and give top priority to curbing demand. At the same time, efforts should be made to increase the supply of goods in demand, gradually strike a balance between currency in circulation and in demand, bring inflation under control, and improve the economic environment and order, thereby creating favorable conditions for steady advance of reform and construction.

## It Requires "Tenacity" To Improve the Economic Environment

Dai Yuanchen [2071 0954 2525] (Researcher at the Economics Institute of the Chinese Academy of Social Sciences)

The growing strains on economic environment and aggravating inflation, caused by total demand exceeding total supply, did not come suddenly. Excessive demand has long existed in the economic system of socialist countries. The general impulse to expand has developed an economy of shortages under the traditional system of price control, while inflation has emerged under the new system of gradual price decontrol. We might say that this is a most natural option made by leaders trying to prove, with a high economic growth rate, the superiority of the system, as well as the achievements of their official career. Setting aside long past examples, let us just recall events of recent years. Following dual expansion in the demand for investment and consumption in the second half of 1984, an effort to tighten demand was repeatedly

stressed in the first half of 1985; however, before any tangible results were obtained, the demand again inflated in 1986. In the second half of 1987, the Government put forth the policy of cutting back on financial expenditures and bank loans, but they were expanded again in the first half of 1988. It had been a rule since the founding of the country that the volume of currency withdrawn from circulation in the first half of the year was always greater than that in the second half. Nevertheless, in the first half of this year, the volume of currency put into circulation was greater than that withdrawn from circulation. All these explain that the problem of expansion in total demand has long existed, and been identified and tackled, and that poor results shown in tackling this problem has aggravated inflation. In summarizing the experience and lessons, I believe that "tenacity" is the key to resolving problems which should not be tackled halfway. It takes "tenacity" to make the current drive to improve the economic environment a real success.

The policy of tightening demand was left halfway for fear that the absence of expansion in demand might lead to a stagnation or decline in our economic development. As China is a developing country, the Government's economic targets are diversified. It should give no cause for much criticism if the economy is aimed at catching up with and overtaking the advanced countries and seeking high rates of economic growth, employment, and increase in the income of individuals. However, the crux of problems lies in contradictions between the Government's diversified economic targets. Although no government in the world has clearly defined its economic goal as one to achieve a fast economic growth in spite of a high inflation rate, many countries have either consciously or unconsciously headed toward inflation through seeking a fast economic growth or through stimulating the economy and increasing employment. Moreover, almost all countries have explicitly stated inflation as their fighting goal, but some have succeeded, while others have not been able to do so for years. The difference in the results lies in their capabilities to withstand temporary economic decline. It requires "tenacity" to stand up to the pressure of growing demand when the economy is declining.

Furthermore, China's inflation has escalated from one of light degree to medium degree. A major feature of medium-degree inflation can be seen from the inertia that pushes inflation to circulate on its own. When inflation reaches the medium degree, measures to curb demand and control currency will stagnate the economy while the inertia continues to push inflation, thus creating a situation of "stagflation." There are many aspects of the inertia of inflation. Experience at home and abroad shows that the higher the rate of inflation is, the more powerful its inertia will be. China's inflation rate is between 10 to 20 percent, and "stagflation" is unavoidable in our efforts to curb inflation. Therefore, we should be ideologically prepared for a period of economic

decline as well as "stagflation." It takes "tenacity" to tackle "stagflation." Otherwise, endeavor to bring inflation under control can stop halfway.

Few tangible results have been obtained in curbing inflation in recent years. Interpreting this in light of the theory on economic cycle and countermeasures in response to the "reverse cycle," some comrades believe that when the economic growth rate drops, it is necessary to expand demand to stimulate economic recovery so as to avoid excessive pressure when demand expands again following drastic control measures. If there is a cycle of economic growth, there should be peaks and bottoms such as ups and downs in the quarterly growth rates in recent years. However, there have never been zero or minus growth rates, that is, the economy has never dropped to the bottom and, therefore, it does not need stimulation for recovery, and the "reverse cycle" countermeasures, of course, cannot bring inflation under control. As a matter of fact, the crux of the "reverse cycle" countermeasures is to even up the peaks, not to raise the troughs. Hence, it is necessary to make tenacious efforts over a protracted period to control demand and stabilize the economy so as to ensure a steady and healthy growth of the national economy, and avoid a cycle of major oscillations and fluctuations in our economic development.

#### Several Specific Measures

Yang Lu [2799 7627], adviser to the Research Center for Economic, Technological, and Social Development of the State Council:

Improving the economic environment mainly means checking inflation. Deficits in the state budget must be eliminated as soon as possible. Before the financial revenue and expenditure are balanced, overdrafts from banks should be resolutely stopped. Instead, the banks shall issue periodic bonds and cut down loans. Bank credit must be resolutely tightened. But there should be no indiscriminate tightening of money in circulation. Not only must nonproductive capital construction projects be carefully screened and the construction of office buildings, auditoriums, and guest houses suspended or postponed, but productive capital construction projects and their bank loans should also be examined. All industrial processing projects whose demand for raw and processed materials exceeds the supply and all technological innovation projects of a capital construction nature shall be suspended or postponed, and all their loans shall be stopped. Loans for all suspended or postponed projects should be repaid. The suspended or postponed projects shall be asked to sell their stocked building materials to repay the loans. The suspension and repayment of bank loans are aimed at ensuring that funds, building materials, energy, transportation, and raw and processed materials shall be available to capital construction projects which produce items in acute short supply, so that they can be expeditiously built and put in production. This is one of the key measures to improve

the economic results and extricate ourselves from an economic predicament. At the same time, it is necessary to ensure the availability of circulation funds to meet normal production and operational needs. Enterprises with an overstock of raw and processed materials or an accumulation of products shall be asked to repay their loans and reduce their stocks or to accept merging. In this way, the economic growth will inevitably slow down for well-coordinated development.

To absorb idle funds, it may be practical to import home electric appliances or their major components to be reassembled at home and sold at high prices by the commercial departments, while home-produced appliances shall be sold by lot drawing to holders of time deposit accounts at state fixed prices. Some people have proposed that the value of short-term time deposits ranging from 6 months to 2 years also be guaranteed. Its advantages and disadvantages still need further study. But I think the majority of their holders are likely to cash them on the date of maturity in order to buy commodities. Guaranteeing their value does not necessarily delay their withdrawal from the bank, but the added interest will surely increase their purchasing power when cashed at maturity. To postpone their increased buying power, it may be advisable to encourage the conversion of fixed deposits of 6 months, 1 year, and 2 years to value-insured fixed deposits of 3 years. However, the value of short-term deposits of 6 months and 1 year should not be guaranteed.

Rectifying the economic order is mainly aimed at rectifying the order of circulation and the mines. With regard to rectifying the circulation order, first, the central authorities have begun monitoring the intermediate companies and are investigating and punishing "bureaucratic profiteering." This is absolutely necessary. But the state-run commercial, supply, and foreign trade companies must first be rectified because they are the major channels. Next, it is necessary to correct laxities in industrial and commercial administration, reduce the overextended operation approved in the past, and cancel the labor service companies run by various units. For example, the labor service company run by the railway bureaus sell train tickets; the labor service companies run by the iron and steel companies sell steel materials, and so on and so forth. Second, we must clearly provide that the wholesale in one region is a single-step operation and all local resales with additional prices are strictly forbidden. Commodity circulation between different regions should also follow a rational circulation law and unscrupulous circulation as well as re-exporting back to the place of origin [dao liu 0227 3177] should not be permitted. Meanwhile, manufacturers should be given the authority to set the bulk rates of commodities in short supply in areas where they are marketed. The manufacturers should set for various marketing areas the wholesale prices of delivered goods and they may commission various local wholesalers to be their sales agents or set up marketing outlets themselves. By doing this, the manufacturers can collect the profits caused by high

demand and have the incentive to expand production. However, in order to guard against reckless development, excessive profits should be taxed and levies should be collected for the price regulating fund. Third, the key to developing coordinated and steady agricultural production lies in improving the order of the market of agricultural goods and guarding against all types of "major war" in this market. On the one hand, the state should carry out guidance plans, provide guidance prices, and buy and market agricultural goods according to contracts; on the other hand, the state should intensify its market control. Relevant departments under a county government should organize the major manufacturers, commercial enterprises, and traders to sign contracts with the farmers and set unified standards for quality and purchasing prices, designate purchasing areas, and allocate purchasing quotas. Heavy fines should be imposed on the violators. At the same time, the state must demand that government organs and traders follow the unified purchasing prices and punish those who do not. Such measures are practical as long as purchasing prices are set according to the law of value and price relations are rational between different types of agricultural goods. Those agricultural goods for which the prices have gone up sharply, because supply can hardly meet demand, should also be taxed for the price regulation fund so there will be money for balancing farmers' income, making up losses caused by natural disasters, and subsidizing the kinds of agricultural goods of which supply is much higher than demand, so that their minimum prices can be protected. During the purchasing and marketing of agricultural goods, supply and marketing cooperatives should display the spirit of serving the producers. In addition to not hurting the producers' interests by downgrading the quality of their goods and thus paying lower prices for them, they should guide their production by providing the necessary services.

Improving mining areas' order is not yet on the agenda, and many state mines have been encroached upon by independent and associated small miners, and mineral resources have been plundered. Thus, while improving economic order, we must consider improving the order of mining areas an important project that must be carried out as early as possible. To reduce resistance, we should acknowledge the small miners' vested interests but firmly stop them from fleecing the major operators and the state. To uphold this principle, we should organize the small operators to operate jointly and make them the shareholders of the operation, and the amount of shares they get should be based on the values of their mines. The original workers should be properly placed. According to the principle of utilizing resources rationally, the joint enterprises should centralize their planning of production, construction, supply, and marketing. They should close down the redundant mines, increase the use of machinery, and install more facilities needed for production safety.

Some people worry that improving economic order will cause a reversion to the old system. In my opinion, we must proceed with reform and guard against reversion to

the old system. However, proper intervention, control, guidance, management, and supervision are still necessary in areas where the operation has been decontrolled but not supervised, or where the operation has been overly decontrolled. This is seeking truth from facts, and not reversing to the old system. During the course of reform, we must constantly examine our experiences, and moving back and forth while making amendments is essential for reform and is not strange at all.

### **Strengthening Macroeconomic Management and Controlling Investment Scale**

Lin Senmu [2651 2773 2606], director of the Capital Construction Research Institute of the State Planning Commission:

Reducing investment volume is the central link in the drive to improve the economic environment. When we review the course of our country's economic construction, we find that there is always the question of excessive increase of the investment volume. When the investment volume increases excessively, we have no choice but to make vigorous efforts to reduce it. However, as soon as we have reduced it, it begins to increase again, and we are forced to make new efforts to reduce it. This is still the case since we began the structural reform. The periodical expansion of investment has become a major problem besetting us.

Why is there still this problem of hunger for investment in the course of reform? How can we effectively control the volume of investment to ensure smooth progress of reform and construction?

After years of reform, we have developed a new investment structure in which investors from different economic sectors invest in a variety of projects through different channels. The amount of nonbudgetary investment has increased to more than half of the total amount of investment. However, local governments and enterprises lack the self-control mechanism, the old macroeconomic control mechanism is unable to control nonbudgetary investment, and the imperfect market can only regulate a very small portion of the investment activities at the microscopic level. All these reasons plus the spontaneous tendency toward increasing investment volume inevitably make the increase a reality.

To effectively control investment demand, we must strengthen macroeconomic management and establish an investment control and regulatory system suitable to the transitional period in which both the new and old structures exist side by side.

1. The area of investment managed by the government should be expanded to incorporate the entire society. The government investment plan should not concern itself solely with budgetary investment by units owned by the whole people. It must be used to guide investment

in fixed assets in the entire society, especially nonbudgetary investment, so that investment needs and the supply of capital, materials, and technology can be roughly balanced.

2. The target of control and regulation should be made clear in the investment plan. The plan must have binding force. It must not be merely for reference or forecast purposes.

3. Although we have the plan to guide nonbudgetary investment, we lack means to implement the plan. We should draw up a plan to control and regulate investment for the entire society. The plan should cover finance, tax, banking, commodity price, and other general economic departments. The target of control and regulation shall include money supply, credit volume, the supply of different types of government bonds, the alignment of investment in different industries, the rate of depreciation, the investment tax rate, the interest rate, the price index of invested materials, and the standard earnings ratio.

4. In the period of structural change, many economic measures are unable to function properly. Therefore, we should not hastily abandon administrative measures overnight. Actually all the construction projects (with the exception of houses built by the peasants) are undertaken with the approval of the local government. Without the approval of the local planning or economic commissions, banks will not open accounts, electricity departments will not supply electricity, and industry and commerce administrative agencies will not issue business licenses. The investment volume and makeup can be controlled if governments at various levels seriously control the screening and approval of project planning and construction.

5. We should establish a system to make investment decision and manage investment information, and we should enforce a system of registration for investment projects. At the same time, we should promulgate relevant investment information regularly to guide investment by all trades and professions.

6. We should speed up the enactment of investment laws and use them to bring the relations between various investments into better balance, to establish the legal status of the parties involved in the investment, and to eliminate blindness from the current investment decision making process and resolve the question of the lack of clear responsibility prevailing today. We should push forward the reform of the investment structure, strengthen the overall balancing function of planning, make the macroeconomic control and regulation of investment and the decision making process more scientific and democratic, and ensure the integration of the responsibilities, rights, and benefits of all investment parties.

### Seriously Improve Financial Environment

Yun Zhiping, deputy director of the Overall Planning Department of the Ministry of Finance:

In the 10 years of reform, great achievements have been made in the financial work. However, the present situation is also very grim. The main indications of the grim situation are confused financial management thinking, strained financial environment (tight financial situation), serious dispersion of capital funds, and slack financial and economic discipline. I think that the following measures should be taken in accordance with the guidelines of the 3d plenary session of the 13th CPC Central Committee and in consideration of our actual financial situation:

1. We should make the greatest determination to eliminate financial deficits. In projecting the financial budget, we should from now on fully tap the potential of revenues and frugally arrange expenditures. On the whole, no expenditures should increase in the next 2 years, with the exception of top priority spendings, such as those for national defense, education, and science development. Even the top priority spendings must be strictly controlled and their increases must be within our financial capability. We should strive to achieve a balance between revenues and expenditures in several years.

2. We should properly concentrate financial resources. We should seriously implement the decision of the June 1983 central work conference on raising state budget revenues to 28-30 percent of the national income, and strive to attain this objective in the next few years.

3. We should improve the management and control of extra-budgetary funds. In order to do so, we may consider screening all the extra-budgetary funds to decide according to their conditions which should be allowed and which should be resolutely taken over. At the same time, we should institute and improve procedures for management and use of extra-budgetary funds.

4. It is necessary to deepen the financial reform, including the reform of the budget system, taxation, and state property management. In particular, we should accelerate the reform of the enterprise distribution system to make enterprises truly assume sole responsibility for profits and losses. We should arouse the enthusiasm of enterprises and their workers and staff members, raise their economic efficiency, and at the same time strive to solve the problem of making enterprises pay back their technological transformation and capital construction loans after paying tax, not before paying tax.

5. Problems concerning foreign debt management should be solved seriously. At present, there are many problems concerning foreign debts, including disconnection of borrowing, use and repayment, and very poor efficiency in using foreign debts. Foreign debts have become an

extremely great risk. To handle the foreign debts, we must have a unified policy and planning, put them under a unified management, and practice a system of economic responsibility.

6. We should strengthen the legal system and strictly enforce financial discipline. We should enact and improve legislation concerning state budget, taxation, state property management, and debts, and promote a law-abiding and democratic financial management.

7. We should establish a financial supervisory system and constantly improve it. At the same time, we should step up training of financial and tax cadres, seriously wage an anticorruption struggle, correct unhealthy tendencies in the financial department, and improve the quality of financial and tax cadres.

### An Urgent Task Is To Formulate Policies, Laws, and Regulations

Xie Minggan, director of the Policy, Law, and Regulation Department of the Ministry of Materials:

We should review the reform in last 10 years. Looking back, we find that the reform has greatly improved the situation of our country, and that our entire economy and society have become full of unprecedented vitality and vigor. Nevertheless, there are also many problems. To sum up, both the economic development and the reform are uneven. The economic development has been marred by an acute contradiction between supply and demand, constant excessive economic growth rate, uncoordinated economic structure, serious inflation, and great imbalance in finance, credit, and materials. The reforms are not coordinated with economic development, nor are they coordinated among themselves. In particular, macro-economic control cannot keep pace with the reforms, causing economic disorder. Relatively speaking, we have paid more attention to achieving breakthroughs in individual areas and less on the overall coordination of reform measures; we have put too much emphasis on flexible macroeconomic control and not enough on macro-control; paid too much attention to the production sector and not enough to the circulation sector; paid more attention to the formulation of laws and not enough to supervision and law enforcement. Both economic development and economic reform are huge projects involving all of society and the two must be well-coordinated and developed steadily. This is particularly so in a big country like ours where the productive forces are in different stages of development, the commodity economy is backward, and the outdated traditional views and feudalism still have a profound influence. We must be prepared to fight a protracted war, not a battle of quick decision. We must not be impatient for success, nor try to avoid problems by not tackling them. Over the past 30 years, we have suffered enough from these kinds of mistakes and now we are suffering from them again (although the circumstances are different).

Moreover, the "inflation-is-good theory," "deficits-are-harmless theory," "stimulate demands theory," "borrow-from-abroad theory," and so forth that emerged in recent years have also affected decision makers in making correct decisions. In the future, we must earnestly bear in mind these profound lessons.

The policy adopted at the 3d plenary session of the 13th CPC Central Committee is a positive, all-round policy. Improving the economic environment, rectifying the economic order, and deepening reforms are mutually conditional and promote one another. I believe that in order to implement this policy, we must unify our understanding both in theory and in ideology and formulate correct policies, laws, and regulations on this basis. At present, people still do not have clear ideas on such such matters as how to correctly approach the relationship between reform and development, between planning and market, and between loosening up and tightening up; what are the objectives and patterns of a socialist market; how to administer the market under the condition of the "double-track system"; and the difference between speculations and legitimate transactions. If we do not have a clear understanding of these questions, it will be difficult to deepen reforms, introduce norms of market behavior, and enable the market to develop along a sound path. Take the circulation of capital goods for example. To this day we still do not have such important statutes as laws governing the capital goods market, materials enterprises and the situation is so chaotic that is staggering. First, resources are scattered. The completion rate of production contracts within the state plan has declined continuously while production outside the plan whose products can be marketed by the producers themselves has risen rapidly. A large portion of the production outside the plan is being used to raise funds, exchange goods, enter into cooperation with others, supply those "chits" requesting goods, or being rush-purchased at high prices by "profiteers." Very little of the goods produced outside the plan are openly sold in the market of capital goods. This has seriously affected the normal operation of key large- and medium-sized enterprises. Second, party, government, military, and civilian departments as well as industrial, agricultural, commercial, academic, and public organizations have gone into business one after another. More and more units are now dealing in major capital goods. For example, more than 50,000 units in Shenyang City proper are dealing in steel products and most of them are after sudden, staggering profits. Steel products are sold and resold repeatedly for a profit and their prices rise after each transaction. Third, chaos in price administration. The same commodity is being sold at different prices and the prices are rising daily. The prices of major capital goods have risen steeply since this year; some have risen 50 percent while others have risen as much as 200 percent. Fourth, illegal business activities of every description have run rampant. They include transactions in the black market, tax evasion, offering and taking bribes, abusing power for personal gains, hoarding and speculation, transactions in cash, reselling goods subject

to production quotas for profits, selling of licenses, manufacturing of counterfeit goods, and all sort of other irregularities. Malpractices in the channels of circulation of capital goods are extremely serious and they must be firmly checked.

In order to rectify, we should first enact laws and regulations and use them as the basis for the rectification. In particular, we should understand clearly buying and reselling at a profit, "bureaucratic racketeer," and "private profiteer." I think that buying and reselling at a profit is an inevitable product of commodity economy. Under the law of value, commodities always flow from low-price places to high-price places. Such a flow is conducive to optimizing the distribution of material resources. What we should resolutely oppose and stop are illegal purchases and resales. At present, they are mainly done by "bureaucratic racketeers" and "private profiteers."

The so-called "bureaucratic racketeers" are those who have administrative power or have connections with people having administrative power, use administrative or other noneconomic means to obtain commodities in short supply and resell them at staggering profits. Their characteristics are: (1) The dealers are party, government, army and mass organizations, retired cadres, and cadres' sons and daughters; (2) Their purpose is not to serve production and construction, but to reap staggering profits much higher than average profits; and (3) They practice unequal exchanges, coerce people into buying and selling, collude with others, speculate on the rise and fall of prices, drastically jack up prices, and even resell allotted quotas, commodity allocation certificates, and permits. The so-called "private profiteers" are those (usually having no official status) who use illegal economic means (mainly bribery) to obtain commodities in short supply and resell them at staggering profits. The difference between "bureaucratic racketeers" and "private profiteers" is that the former relies on power while the latter relies on money. In the last 2 years, "bureaucratic racketeers" and "private profiteers" have become rampant, seriously disrupting the economy, interfering with reform, and corrupting social values. There are many causes—excessive social demand, contradictions between supply and demand, rising prices, the "double-track" pricing system, widening gap between the two prices, weak legal system, slack financial and economic discipline, disorderly market management, loopholes in the foreign trade system, profiteering resale of import and export goods by some localities enjoying preferential treatment, failure of state-owned enterprises to play a main channel role, and illegal dealers exploiting the chance. Therefore, to rectify economic order and stop illegal resales is not a job of any department alone. We must mobilize the forces of all quarters to make an overall improvement. A pressing matter at the moment is to formulate relevant policies, laws and regulations, encourage, protect and develop legitimate trade according to local conditions, and ban illegal trade.

### **Seriously Perfect the Contract System and Gradually Implement the Joint Stock System**

Zhou Shulian, director of the Institute of Industrial Economy of the Chinese Academy of Social Sciences:

In the course of improvement and rectification, some reforms should be slowed down and others need not be slowed down because of their specific conditions. For instance, the price reform is more conditional than the reform of enterprises. So, we should slow up the price reform next year, but the reform of enterprises need not be slowed down.

In order to deepen the reform of enterprises, we should put the stress of work on seriously perfecting the contract system and gradually practicing the joint stock system. Some people have doubts about the superiority of the contract system. Such doubts are unnecessary. Many facts show that the contract system indeed has its superiority in a certain period. However, the superiority of the contract system is in the first place a possibility. In order to turn the possibility into reality, we must perfect the contract system. At present, there are many problems concerning the contracts signed by enterprises. For instance, a considerable number of enterprises fail to introduce the competition mechanism when they contract for jobs. Some contracts are poorly conceived, having a weak legal binding force. The assets of some enterprises are not reappraised before they are contracted out. Some enterprises exaggerate or conceal their profits. Some departments are intensifying their interference with the operations of contracting enterprises in violation of the latter's decision-making power. These problems should be solved by perfecting the contract system so as to truly give play to the superiority of the contract system, fully tap the potential of enterprises, and alleviate the difficulties in economic development.

A system of shares should be adopted by a number of enterprises as part of the enterprise reform. There are people who regard the shares system as a special element of the capitalist economy, believing that it should not be adopted in a socialist economy. This point of view lacks scientific basis. As a matter of fact, the shares system is related to the commodity economy. It is an organizational form which can be adopted by all enterprises, socialist as well as capitalist. When a state enterprise adopts the shares system, its shares will be owned by the state, and there will be no change to its state ownership. Adopting the shares system does not make the enterprise private. When a state enterprise sells a number of its shares to individuals or collectives and introduces a system of shares owned mainly by the public, its public ownership is not weakened either. The introduction of this shares system will not make the enterprise private. Gradually introducing the shares system may change the traditional structure in which property rights are not clearly defined and the owners are absent. It may help draw a clear distinction between the responsibilities of

the government and those of the enterprises and guarantee the independence of the enterprises. It may also provide the necessary conditions for enterprises to truly operate independently, to assume sole responsibility for their profits and losses, and to exercise self-control. In a nutshell, it may help socialist enterprises to become truly independent commodity producers and managers.

Our country has the necessary conditions to adopt the shares system step by step. Enterprises which possess the necessary conditions may begin to make the transition from the contracted responsibility system to the shares system on an experimental basis. A number of profitable large and medium-sized state enterprises may issue stocks and sell them to their workers and other individuals or collectives to make them stockholders. This will enhance the workers' sense of being the master of the enterprises and facilitate the deepening of the reform of the enterprise management mechanism. In addition, it will alleviate the pressure on the consumer goods market and help increase supply by turning some of the consumption funds into production funds. However, at the same time, we must also realize that there are also many obstacles to implementing the shares system. In addition to the difficulties posed by the enterprises themselves and the environment surrounding them, we still lack the necessary conditions for implementing the system all at once. Therefore, the shares system must be implemented under proper leadership and step by step. We must guard against rushing headlong into it simultaneously.

### **The Tasks Facing Us in Developing the Rural Economy**

Chen Jiyuan [7115 0679 0337], director of the Institute of Rural Development of the Chinese Academy of Social Sciences:

In the course of improving the economic environment, rectifying the economic order, and deepening reform in an all-round way, we must successfully resolve the problems we encounter in our rural economy today. Not only is this important to the steady development of the rural economy but it is also vital to the smooth progress of the task of improving the economic environment and rectifying the economic order in the next 2 years.

The rural reform in the last decade has greatly aroused the initiative of the peasants for production. The output of grain, cotton, and other major agricultural products set a historical record in 1984, and the income and quality of life of the peasants also rose notably. However, since 1985, agricultural production has stagnated, leading to the shortages of agricultural products and price increases. This has had a direct impact on the entire national economy and has become a major issue to the whole nation.

Obviously, there is indeed the question of "overheating" in the development of the rural economy. However, overheating is not occurring in agriculture. It manifests itself mainly in the development of village and town



enterprises. Appropriately controlling the excessive speed of development of village and town enterprises is entirely necessary to resolving the problems of the excessive increase of credit demands and the volume of nonbudgetary investment. In developing the rural economy, it is also necessary to rectify order, especially the order in the circulation of the means of agricultural production and agricultural products used as key raw and semifinished materials.

Improvement of the economic environment in rural areas needs a different approach from that in cities. In recent years, agriculture has not been "overheated," but "overcooled"; and too little, not too much, has been invested in it. The state has cut back the investment in agriculture; collective economic organizations generally no longer form the mainstream in agricultural investment; and peasant households, instead of performing the function of agricultural accumulation, have emphasized consumption and shown little interest in increasing production and agricultural investment.

In solving problems confronting the rural economy, it is necessary to first, continue to improve the household contract responsibility system that links remuneration to output, and second, gradually set up a comprehensive environment suitable for the development of rural economy. Here, I would like to discuss the second point, in particular. Of course, administrative and legal means are indispensable for solving problems in rural development, but economic problems will ultimately need to be resolved with economic means. Peasants lack enthusiasm for farming, especially grain farming, primarily because of its relatively low profit. Due to spiraling price rises of commodities, the price disparity between industrial and agricultural goods, once diminished after 1979, has again widened and even exceeded that of the 1950's. Why did readjustment of farm produce prices bring about spiraling price rises and finally revive the price disparity even more to the detriment of agriculture, particularly grain bearing crops? The fundamental cause is incomplete market mechanisms during the transitional period between the old and the new system. Moreover, it is also caused by such problems as excessive circulation links, speculation, and profiteering. Therefore, in rationalizing the price relationship between industrial and agricultural products, we should not only emphasize the increase of farm produce prices, but should proceed from the overall situation in the national economy in readjusting farm produce prices in conjunction with the reform of enterprises, establishment of macroeconomic regulation and control, and development of the market system.

During the transitional period between the old and the new system, it is impossible to reform the pricing system of agricultural products with one stroke. The reform should be carried out in stages so as to gradually set up a price parity conducive to agricultural production, especially grain. To this end, I would like to suggest the following measures: 1. Decontrol the prices of, first, a

number of selected farm products with relatively balanced supply and demand relations and having no bearing on the overall situation, and then where conditions are ripe, gradually lift the control over prices of other farm products. 2. Allow each locality to proceed from its actual condition in deciding the category of agricultural products whose prices are to be decontrolled, and when and to what extent the price decontrol should be. 3. The double-tracking system of grain prices shall be indispensable for a long time to come, but the portion of state fixed prices should be gradually reduced and that of market prices expanded along with changes in the economic situation. 4. The volume of grain sold at fixed prices in cities, except for rationed grain, should be cut down so as to create the conditions for gradual reduction of grain purchased by the state according to contract. 5. Set up a mechanism for the state, urban residents, and peasants to jointly share the expenses needed for reforming the farm produce pricing system.

In keeping with the reform of farm produce pricing system, it is necessary to continue to reform the unified and fixed state purchase system and gradually establish the market mechanism for circulating agricultural products. Experience has proved that reviving the old practice of unified and fixed state purchases and forcing peasants to sell the produce at low prices contrary to the law of value can produce a far-reaching negative influence on agriculture. All comrades in the party should bear this historical lesson in mind.

#### **Establishment of an Unemployment Insurance System Brooks No Delay**

Li Chengrui [2621 2052 3843] (State Statistics Bureau)

All readjustment measures, such as reducing capital construction investment scale, restricting institutional purchases and excessive consumption funds, lowering growth rate, checking on corporations, and tightening loans on credit and currency supply, will unavoidably lead to bankruptcy of enterprises and unemployment of workers, and force some enterprises to face the predicament of laying off workers, thus aggravating the unemployment rate. This is the price and "tuition" that we must pay for the overheated economy, as well as the effect of the harsh mechanism of survival of the fittest, inherent of the commodity economy under given conditions, and the forcible correction, by the objective economic law, of the excessive expansion and abnormal development in our economic operations in recent years. We should conscientiously undergo this painful process and straighten things out in order to bring the national economy back to its original proportion and normal growth rate, create a better environment for reform and construction, and conceptualize new economic mechanisms, including that of competition for labor forces.

How to handle the unemployment created by the current drive to improve the economic environment and rectify the economic order? Of course, efforts should be exerted



to find other jobs for the unemployed. Some of them may return to rural areas, but the problem for the majority cannot be settled. To have enterprises supporting laid off workers would encounter mounting difficulties and contradict the objective of the current drive. Therefore, the state should promulgate and put into force as soon as possible "regulations for unemployment insurance" (or an "unemployment insurance law" in the future) so as to properly handle the problem through policies and legislation. The establishment of an unemployment insurance system is an indispensable measure for ensuring social stability and building the people's capabilities to withstand economic strains during the current drive to improve the environment and rectify the order. It is also an important measure for fostering the mechanism of competition for labor forces and deepening the reform. As the outlet for excessive water is to a reservoir and the safety valve to a boiler, so is the unemployment insurance system to the normal operations of commodity economy. Unless the system is set up immediately, we will be caught unprepared in the event of increased unemployment and social upheaval, and such problems may force the drive to improve the environment and rectify the order to stop halfway and ultimately lead to the next round of inflation-austerity, thus incurring even more serious damage to construction and reform.

**'Four Issues in the Building of Spiritual Civilization' From the 'Reform and Opening' Forum**

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[Article by Li Chuanhua 2621 0278 5478]

[Text] The 3d plenary session of the 13th CPC Central Committee made an important decision to improve the economic environment, rectify economic order, and deepen reform in a comprehensive manner. Meanwhile, it has also decided to strengthen ideological and political work and to comprehensively promote in-depth education on situations in cities and villages across China. I understand that "improvement, rectification, and reform" is not only a heavy and arduous economic task, but it also involves a need to strengthen spiritual civilization, which is likewise heavy and arduous, as well as to strengthen party building in a practical manner, and run the party strictly. We may put it in this way: We are encountering, not only the issue of improving the economic environment and rectifying economic order, but also one of improving the environment for public opinion, as well as the social and psychological environment. "Improvement, rectification, and reform" calls for, not only ideological and political guarantees as well as spiritual support, but it also relies on spiritual civilization to serve its needs and to open a path for it. As an overall treatment for society, it involves voluminous ideological and moral work, as well as discipline and workstyle education, thus becoming the most practical pursuit of spiritual civilization. Therefore, we must take pains to

promote socialist spiritual civilization in society, make strenuous efforts to get rid of passive and corrupt phenomena, eliminate various chaotic and disorderly situations, establish harmonious interpersonal relations, as well as good social practices, and create a social and psychological environment favorable for improving the economic environment, rectifying economic order, and deepening reform. Here, I present the following views, only from the angle of pursuing spiritual civilization in a practical manner:

**Dilemma and a Selection Satisfactory to Both Sides**

Our spiritual civilization is encountering the pursuit of prosperous economic development and simultaneously maintaining fairness and integrity—an issue which places us in a dilemma, and requires us to make a selection satisfactory to both sides. The principle and policy of reform and opening to the outside world have indeed invigorated the economy and contributed to the development of productive forces. Meanwhile, they have profoundly changed people's ideology, awareness, and mental state. The issue we are encountering now is how well we can realize the unification of efficiency and fairness [xiao lu yu gong ping de tong yi 2400 3764 5280 0361 1627 4104 4827 0001]. We are required to make joint efforts to find an answer. If we only take fairness and integrity into account, without considering the development of productive forces, it will be very easy to solve the issue by just returning to a product economy. However, in doing so, we shall encounter the same closeness and deficiency we experienced in the past. Conversely, if we only take the development of productive forces into account, without considering fairness and integrity, and even permit passive and corrupt phenomena to continue, it will adversely affect the development of productive forces and social stability in the long run. We cannot ideally demand that nothing passive be allowed to appear in the course of reform and opening to the outside world. However, we must take practical measures to rectify various passive phenomena. We should establish the basic principle that we must maintain the development of productive forces, as well as prosperous economic development on the one hand, and a clean government and social fairness on the other. We must pay equal attention to the two sides. Never should we attend to one side and lose sight of the other. We should neither pursue only one side, while dumping the other, nor acquire one side at the expense of the other. We must endeavor to remove the dilemma and make a selection satisfactory to both sides during our work.

The issue is certainly not a new one to us or to the public at large. In the past, we have discussed which is above which—"clothing and food?" or "honor and disgrace?" "stomach?" or "face?" That is to say, we have discussed whether economic development should be our main concern, or spiritual civilization. Repeated discussion of the issue indeed indicates that we have not moved out of the dilemma. An article appearing last year says that

many nations in the world have experienced relatively more social upheavals and corrupt phenomena during their transition from "enough clothes and food" status to "comparatively well-off" status. However, the continuing economic development, the gradual establishment of a new order, as well as the containment of various loopholes through the improvement of various systems, regulations, legislation, and, especially, the enhanced human civilized quality has enabled society to become fairly stable. As a result, certain passive phenomena take place less and less. This is not necessarily law. It would be a little bit too fatalistic to argue that social turbulence and corruption will inevitably accompany economic expansion. We must make serious efforts to study the causes and the internal and external conditions of the evolution and the growth and decline of the historical phenomena appearing in the period of development. It is commendable to be righteously indignant at the phenomena of corruption. However, righteous indignation alone is not enough. All of us should do our best to achieve both goals mentioned above and to free ourselves from the dilemma. All of us should work hard to bring about economic prosperity, while ensuring social justice and integrity. The key to achieving both economic prosperity and social justice and integrity lies in the establishment of a clear-cut, firm policy, in the maintenance of sobriety, and in the implementation of effective measures. We are fully confident that we can do it. This is because "Ours is a socialist country under the leadership of the Communist Party." The party and Government should be, and are, able to restrain party members and government functionaries and reduce all kinds of corruption to the minimum. This is precisely what we are doing today in the drive to improve the economic environment and rectify economic order. Fundamentally speaking, this obviously means that we must uphold the central policy of promoting material and spiritual civilization simultaneously. Our spiritual construction must be closely integrated with the material construction to create the kind of public opinion, sense of value, cultural condition, and social environment conducive to reform and modernization. We must do so to forcefully resist the influence of decadent capitalist and feudal ideas. We must regard this as a major historical test.

### **Sense of Crisis and Self-Confidence**

We must correctly understand the role of spiritual force and material benefits. This is also an old issue. In the past, there has been overemphasis of one at the expense of the other. At one time, we went to the extreme of emphasizing the spiritual force as being "omnipotent" and regarding it as something "above everything else." This is wrong. This mistake has gradually been corrected since the 3d plenary session of the 11th CPC Central Committee. We have paid due attention to material benefits and have tried constantly to improve the people's material and cultural life along with the development of production and improvement of the economic results. By so doing, we have not only satisfied and

safeguarded the legitimate personal interests of the workers, but also produced positive results, spiritually and ideologically. However, our work to integrate material benefits with spiritual force and make them promote each other is not yet flawless. Instances of ignoring the role of spiritual force and neglecting ideological work have indeed increased. We should guard against going to the other extreme. While giving due attention to material benefits and acting in accordance with the economic laws, we should attach more importance to the role of spiritual force in cementing and inspiring our nation and people. We should make arousing our national spirit in a big way a "major melody" in the construction of spiritual civilization today.

The 13th party congress raised the task of arousing our national spirit to a new plane and closely linked it with the party's basic line in the primary stage of socialism. This is a very important ideological lead. After explaining the historical premise and the current basis of the theory of the primary stage of socialism, the report to the 13th party congress pointed out: Our country's economy and culture are still very backward. People throughout the country should rouse themselves, work hard, and do all they can to catch up. Otherwise, we shall face the danger of being "expelled from the earth." While the report did not specifically mention this danger, it was implied by the context. In the course of studying the documents of the 13th CPC National Congress, I was especially enlightened and touched by their revelation of the theory on China being in the initial stage of socialism and their inspiration of national spirit. To a country and its people, underdeveloped material production, poverty, and backwardness are, of course, dreadful, but so are inertia, confinement, complacency, or self-dejection. Therefore, spiritual construction must serve the purpose of invigorating our national spirit.

Discussion of the question of invigorating national spirit will naturally touch upon the relationship between national tradition and foreign culture. To invigorate national spirit is in line with, and indispensable for, persisting in the policy of opening China to the outside world. With farsightedness, the "Resolution of the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization" points out: China is a great nation with longstanding history and culture, and it was a forerunner in the world's history of ancient civilization for a long time. In modern times, it became backward due to the decadence of the feudal system and invasion of imperialism. After the founding of New China, the Chinese people began to rebuild the great Chinese civilization, based on socialism. The 3d plenary session of the 11th CPC Central Committee has instilled vitality into the cultural reconstruction which, according to my interpretation, is to carry forward the fine national cultural and revolutionary traditions, as well as to study, assimilate, and learn from useful foreign cultures. As summarized in the "Resolution," the renaissance aims to create a "highly developed socialist spiritual civilization taking Marxism as its guide, repudiating the inheritance of historical tradition, yet fully embodying the

spirit of our times, and basing itself on China's actual conditions, yet keeping the whole world in view." Hence, the renaissance of Chinese civilization undoubtedly does not mean to advocate "pure Chinese culture," regardless of its worth, nor does it imply any closed, narrow-minded xenophobia. As there are both positive and negative aspects in most things, we can only optimize the advantage and avoid the disadvantage. The policy of opening China to the outside world has brought us immense spiritual wealth, including updated concept, knowledge, information, and managerial expertise, which are useful for modernizing China and its people. However, it has also brought along some undesirable decadence, which has adversely affected people's thinking and social conduct. A case in point is the national nihilism existing among people lacking an understanding of Chinese history and culture. The publicity surrounding "expulsion from the earth" is aimed at inspiring and encouraging the people, but it must be realistic and to the point. Otherwise, the Chinese people would give themselves up as hopeless, and the publicity would more or less contradict the original intention to invigorate national spirit. We must face up and orientate ourselves to the world with national pride, confidence, and efforts for improvement. In displaying our national pride, we should neither overestimate nor underestimate our capabilities, but follow the principle put forward by Comrade Mao Zedong, that is, to analyze, "assimilate," and distinguish between the good and the bad of both Chinese traditional and foreign cultures.

#### The Advanced and Extensive Nature

Spiritual construction must be both advanced and extensive in nature, that is, it is to continually guide people with different levels of awareness for self-improvement. This is a major principle laid down at the 6th plenary session of the 12th CPC Central Committee. The essence of this principle requires us to proceed from the reality in the initial stage of socialism, i.e., the social and economic conditions and the people's mental and cultural state at this stage, in carrying out orderly and systematic construction in ideals, morality, general knowledge, discipline, and legislation by encouraging the advanced and taking into consideration the majority of people. As far as this question is concerned, we were trapped by metaphysics for a long time. It was a fixed ideological trend to judge people and things as either black or white, "proletarian" or "capitalist," often neglecting the existence of a vast intermediate zone and the many different aspects of "proletarianism" and "capitalism." Such an ideological trend oversimplified the lively thinking of people and diversified aspects of their social and spiritual life. In summarizing the historical experience, the "Resolution" stresses the importance of gradually promoting ideological and moral construction in different aspects. For example, it sets three aspects of "positive ideas and attitudes" for achieving the "common ideal," and specifies that we must "cherish, protect, and carry forward" these aspects. In so doing, the "Resolution" eliminates the formula of judging people and things as either

"proletarian" or "capitalist," and places the vast intermediate zone and the diversified aspects within our scope of spiritual construction. By the same token, moral construction should be carried out in different aspects. While confirming reasonable differences in the people's income as a result of the development of the commodity economy and competition, we should also encourage the people to display the spirit of collectivism, integrating national, collective, and individual interests, advocate the communist ethics of selflessness, and combat the ideas and practices of seeking selfish gains at public expense, putting money above anything else, abusing one's powers and position, and blackmailing people. We stand for the principle of to each according to his work and social justice, but not egalitarianism. Under no circumstances should we regard egalitarianism as a socialist moral criterion.

In building spiritual civilization, it is necessary to unequivocally encourage advanced and healthy tendencies and publicize positive factors. They are the main pillar of support for our work. By taking into consideration the majority of people and carrying out spiritual construction in an orderly and systematic manner, we want to "link and guide people with different levels of awareness for self-improvement." While taking into account the majority of people, we should also encourage them to learn from, and strive for, progress together with the pace-setters. We should ask ourselves: Did we recently slacken efforts at unequivocally publicizing socialist ethics, human relations based on self-dedication, and the pace-setters in various quarters? Efforts should be made to rectify and stop the practice of formalism in some local mass campaigns to promote advanced culture and ideology. However, in criticizing certain practices of "formalism," it is first necessary to distinguish between the local and national situations, because a few localities and units going through the motions cannot affect the overall situation in spiritual construction. Second, it is necessary to distinguish between forms and formalism, and do away with formalism, while retaining good forms of spiritual construction. Criticisms of formalism are not necessarily directed at the forms, but at ineffective forms. Third, it is necessary to view the form from historical standpoints as it is developed, along with the changes in tasks and content. We should not use the present criteria in making excessive demands on the past. A method used in a past campaign to emulate the pace-setters and remaining effective today should be continued after necessary improvements to carry out spiritual construction today. In 1985, the PLA General Political Department and the Propaganda Department of the CPC Central Committee jointly organized a report group of heroes and models. The fervent patriotism and selfless dedication reported by the PLA heroes and models aroused strong response from the people and youth all over the country. This campaign to emulate the pace-setters has produced far-reaching influence and proved the suitability and effectiveness of unequivocally publicizing the pace-setters and encouraging people to emulate them.

### "Software" and "Hardware"

According to the "Resolution" of the 6th plenary session of the 12th CPC Central Committee, "In building socialist spiritual civilization, the basic task is to help people become well educated and self-disciplined socialist citizens with lofty ideals and moral integrity, and to raise the ideological and ethical standards of the whole nation, as well as its educational and scientific levels—all in the interest of socialist modernization." This should be the starting point, as well the ultimate objective, of our practical work and theoretical study.

In building spiritual civilization, it is necessary to focus attention on improving people's quality by integrating the "software" with the "hardware" in construction. In recent years, some cities have exerted efforts at, and scored fruitful achievements in, environmental improvement and urban infrastructural construction. Such "hardware" is indispensable to urban spiritual civilization. Without a certain level of material conditions and necessary means and "carriers," we cannot successfully build spiritual civilization. Of course, "hardware" construction should be carried out within the limits of our capabilities and according to local conditions. It is necessary to guard against competing with each other for undue construction, still more against slackening efforts at "software" construction in ideology, morality, and education due to temporary absence of the necessary conditions for "hardware" construction.

The improvement of people's quality depends on many conditions and factors, of which the most important is to develop educational and cultural work. This is not only "software" construction but also "hardware" construction for spiritual civilization. Although the development of education is restricted by economic conditions, the principal current problem is inadequate understanding of the importance of education on the part of some leading cadres. It should be noted that investment in education is also a productive investment. Whoever is spendthrift on other things, but is "frugal" in dealing with this matter, will lose the game in the future. We must advance each year on this matter, which concerns the quality of our nation. I have visited Shekou, a forward post for opening to the outside world. Seeing the exceptionally low crime rate at the locality, I asked the reason and was told: "There is no time to commit crime." This, of course, did not necessarily indicate the interrelationship between its open environment and the good social mood. However, there is one thing I have to mention, and that is the strong atmosphere of study at Shekou. Every night the "training center" in this industrial area was brightly lit, "attracting" a lot of people. At Shekou, employment is based on choices made by both the employer and the employee, and there is no "iron rice bowl." For this reason, people always have a sense of

urgency and even feel that they are in a crisis of unemployment. They are busy learning new knowledge and improving their skills, or in other words, "increasing their own value." Competition for jobs is competition in knowledge and skills. Under such circumstances, people certainly "have no time" to loaf around and make trouble. This indicates the multiple function and numerous effects of paying attention to and making a success of education, including spare-time education. It can nurture qualified people for various jobs, improve the standard of conduct and raise the degree of civilization in society.

A healthy cultural environment plays a role which is not to be ignored in raising people's quality. In recent years, cultural facilities have been established in various localities, and multifarious cultural activities have been carried out in society. This has satisfied to a certain extent the cultural and recreational needs of people at various social strata and has made available more places serving as bridges and battlefields for our ideological education. Thus, our ideological education have covered more people and become more attractive. Today, with the deepening of the reforms in a comprehensive way and the continued development of economic construction, it is a more important and prominent job than ever before to strive for this "soft" environmental construction, aimed at fostering a fine cultural atmosphere in society. In recent years, multilayered and multichanneled cultural networks have gradually appeared in some cities. This is a gratifying progress. The significance of these cultural networks is not merely the solution to the question of how to spend "the time beyond the 8 hours." More important, we should note their imperceptible effects on fostering the civilized and healthy social mood and improving the city residents' cultural and moral quality.

Relatively speaking, building spiritual civilization is a rather "intangible" task. Just because it is "intangible," we should do "the intangible task with concrete efforts." We should do this day in and day out and month after month. Only with persistent efforts can we do down-to-earth work and achieve substantive results. If we do this "intangible task" perfunctorily, we shall achieve no real results. To improve people's quality, it is imperative to promote "software" and "hardware" construction simultaneously. Vertically, we should gradually build up an education system covering all kinds of education from kindergarten to school to social education. Horizontally, we should gradually bring into being an education network covering all study and work units, social activities centers, and mass media with all these elements coordinating with and complementing each other. The purpose is to start from various angles to create the conditions for optimizing the environments for people's daily life, growth, and interchange. (Above are excerpts from the author's speech at a theoretical symposium held in Kunming on urban spiritual civilization.)

### Distortions in Circulation

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[Article by Li Shuyi 2621 6615 0001]

[Text]

#### I

One example of the distortions in circulation is: The circulation of commodities should help promote and serve production. However, many of today's circulation activities are not conducive to production.

An example is the reselling of aluminium ingots by an industrial company in a province during November and December 1987. In just 1 month, more than 30,000 yuan went into the personal purses of some people without anybody touching or moving the commodity. For speculators, a net profit of more than 30,000 yuan in a month is but a small "deal," but for production departments, this means producing at least 200 Fenghuang brand bicycles, 800 electric rice cookers, 150,000 kilograms of rice, and so on.

Production means hard and thankless work. Business means easy and big profits.

Stunned, people are forced to reconsider:

Should a building be used as factory or the premises of business operations? Should cash be invested in production or used as capital for business?

"Every citizen a businessman!" Although it might seem somewhat exaggerated, people have firmly made up their minds. A poor man can miraculously become a millionaire overnight.

We have no grounds to blame them.

This phenomenon conforms to the economic principle: Capital will always flow to where the profit is greatest. It also conforms to human nature. As an old saying puts it: "Choose what is good for you."

However, the mechanism for balancing production and circulation has been destroyed and the balance of the social labor input has begun to tilt. As the circulation sector is gaining popularity with each passing day, the production sector is in danger of becoming the abandoned stepson.

A vicious circle emerges: As the circulation sector becomes more and more profitable, more and more social labor spontaneously flows to that sector; consequently, the production sector will be despised. When people despise the production sector, there will be fewer commodities in society in both real terms or relative terms. Fewer commodities in society leads to greater

shortages, and greater shortages create more opportunities for easy profits in circulation. It is obvious that huge profits are being made from such scarce goods as steel products and color TV sets.

Marx hit the nail on head when he pointed out that no nation will be able to survive if it does not work for a week. Many of our people are working in the circulation sector, and some of them are really working hard. However, many of them are taking money away from the purses of other people and the state. What they are doing is a kind of false labor, not the kind of regular labor that contributes to production. Our nation needs to survive and develop. Therefore, we need to create wealth (production) and to perform labor that will really contribute to this creative labor (circulation in its real sense).

Another example of the distortions is: The circulation of commodities should serve consumption. However, many of the circulation activities today ignore or even harm consumers' interests.

The intrinsic requirement of commodity circulation is to directly deliver a product to a consumer, to the extent possible. Nowadays, before a product reaches the hands of a consumer, it has to pass five barriers, leap over six hurdles, and make 99 turns, with its prices raised at each turn. When the product reaches the consumer, "a cake of bean curd becomes as expensive as a kilogram of meat." Consumers are suffering a lot. This is one example.

Another example is: Some commodities are in short supply and consumers are so eager to get them that they will buy anything that is available without thinking about a second chance. Some master players in the circulation sectors have taken advantage of this situation to play their tricks, selling inferior goods as good ones and fake goods as genuine ones. Some examples include:

A certain county applied fake insecticides on its cotton fields and suffered greater damage from the insect plague;

Red ink was injected into watermelons; and

There are fake brands and fake commodities. Consumers are frightened by the word with a capital "F."

#### II

The first reason for this is malpractices in the circulation system.

First, there are too many links. For a bicycle produced in Shanghai to reach a consumer in Changsha, it must go through the following wholesale links: The Ministry of Commerce; the Commodities Bureau; the ministry-run company for metals, communications, and electrical products; the Hunan provincial company for Metals, Communications, and Electrical Products; the provincial exchange station for communications and electrical products; the Changsha City company for communications and electrical products; the city exchange station for communications and electrical products; and finally the city's department stores.

More links mean more transportation charges, more storage fees, more damaged goods, and more room for people to play tricks.

Second, there is a double track system. The double track system allows two different prices for major products: Prices covered by the plan and those not covered by the plan. However, consumers have only one choice: prices for products outside the plan. The huge differences between prices inside and outside of the plan often flows into private purses in the course of circulation.

The second reason includes questions about party work style, "official profiteering," and the role of "officials' chits."

There are many links because there are profits for every link. The reason why the links of circulation have multiplied instead of being reduced is because they have been squeezed in by force. The power for this "squeeze" comes from "officials' chits," or the officials simply "squeezing" them in themselves.

Who is capable of taking advantage of the loopholes in the double track system and turning products covered by the plan into products outside the plan? The answer is "officials who profiteer" and "officials who sign chits."

If the circulation sector is chaotic today, then the roots of this chaos lie in "official profiteering" and "officials' chits." Look at this picture of "official profiteering":

Officials engage in reselling directly;

Small potatoes in officialdom resell with the help of bigshots;

Those who are not officials resell with the help of officials;

Former officials who are retired resell by utilizing their "residual power"; and so on.

China is shivering in the wave of "official profiteering."

### III

Distortions in the circulation sector have also brought about other social consequences, including:

1. Distortions in circulation are one of the factors for inflation;
2. Distortions in circulation are one of the factors for social instability;
3. Distortions in circulation cause unfair distribution of social wealth. Under this morbid system of distribution, knowledge is of no consequence at all. "A surgeon with a scalpel makes less money than a butcher with a butcher's knife" and "an educated person with a pen makes less money than a peddler with a scale." In this sense, distortions in circulation are battering on education and serving as the economic roots for the new trend of thought that regards education as useless; and

4. Distortions in circulation are battering on the integrity of the rank and files of our cadres.

Distortions in circulation are the cancer of society.

### A Decade of Ownership Study and Reform in Retrospect

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[Article by Xiao Liang 2556 0081]

[Text] The progress people within the nation's economic circles have made in the past 10 years in the study of issues concerning ownership can be attributed to economic reform and economic development. On the one hand, the need for economic reform and development has given an impetus to the study of ownership. Consequently, the progress achieved in the theoretical study in this area has often become the guide for reform. On the other hand, the actual performance in economic reform and economic development has provided the study of ownership with large quantities of vivid information with which researchers can make their theoretical inductions. While discussing the study of ownership issues, we must pay attention to the mutually enhancing and accommodating relationship between the study of economic theories and actual economic performance.

### I. The Scope of Ownership and a New Understanding of the Criteria for Judgment

We can say that the study of basic issues concerning ownership within the nation's economic circles began shortly after the downfall of the "Gang of Four." The viewpoint advocated by the "Gang of Four" that "leadership determines the nature of ownership" was denounced in 1977 and 1978. However, the study of certain issues concerning ownership did not peak until the convening of the 3d plenary session of the 11th CPC Central Committee—which laid down the line of emancipating the mind and seeking truth from facts—and following the discussion of the issue that "practice is the criterion for examining truth." There are three points worth mentioning: 1) the definition of ownership; 2) the objective criteria for determining whether ownership relations are superior; and 3) whether or not ownership issues are settled once socialist transformation has been accomplished.

The discussion of the definition of ownership was primarily triggered by Stalin's three-part theory. Everyone knows that Marx says that ownership is "the general total of production relations;"<sup>1</sup> Engels also says that the study of economic relations in political economics includes the conditions and forms of social production, exchange, and distribution. However, in his book *The Economic Problems of Soviet Socialism*, Stalin treats ownership as an independent subject and defines production relations as something which consists of these three parts: 1) forms of ownership of the means of

production; 2) the status of different forms of social groups—generated from those forms of ownership—in production and their mutual relations; and 3) the various forms of product distribution totally dependent on them. Such a definition has apparently oversimplified the rich connotations of production relations, and thus the rich connotations of ownership. For example, it has excluded exchange and placed ownership side by side with production and distribution. Because of Stalin's position and other reasons, Chinese economists readily accepted his viewpoint, which later became a traditional one, and which has had a harmful impact on economic work. In 1979, [economist] Sun Yefang took the initiative to disagree with Stalin's definition, causing a heated discussion. Later, while people still differed on the definition of ownership, they unanimously agreed that ownership has a wealth of connotations and that it is improper to regard ownership simply as something concerning the ownership of the means of production. This has opened the way for establishing the theory that ownership can be separated from operating rights, as well as for discussing property ownership and reforming enterprises' operating mechanisms.

The question of criterion for judging whether or not a certain type of ownership is superior was raised primarily to counter the criterion formed in the late 1950s known as "large in size and public in nature." Under this criterion, the bigger the size and scope of socialist ownership and the higher its degree, the better it is. It was under the ideological guidance of this criterion that the movement to organize cooperatives and switch over to the people's communes was started at that time and later escalated. It was under this mentality that efforts were made in quick succession to negate the individual economy, eliminate the capitalist economy, combine the small collectives into large ones, and effect the transition from collective ownership to ownership by the whole people. This criterion contradicts the Marxist principle which says that the relations of production must be suited to the nature and level of the productive forces. To determine whether a certain type of ownership is superior and advanced, the only objective criterion we can use is whether or not it promotes the development of the productive forces at that time and in that place and to what extent it promotes. There should be no other criteria. This is why the Chinese economists specifically proposed removal of the traditional concept of "first large, second public" [yi da er gong 0001 1129 0059 0361] when they began to study the question of ownership in about 1980. Under the influence of this kind of thinking, they raised the question of whether it is correct to sum up the course of development of ownership simply as one from individual to collective and from collective to the whole people, and whether it is correct to treat the individual economy as a spontaneous force and capitalist appendage. These questions have led to the rethinking of many of our traditional concepts.

Has the question of ownership been resolved with the completion of the socialist transformation of ownership? This question is raised here to make a special point.

Originally there was the argument that the completion of the socialist transformation of ownership means the complete resolution of the question of ownership, and that in the future it is only necessary to try to resolve the question of relations between man and man and the question of distribution. This is why, since the late 1950's, few economists in China have engaged in research on the question of ownership. However, practice has shown that a lot of things cannot be dealt with when separated from the question of ownership. Take the 3 years of economic difficulty in our country for example. Did the question of ownership have anything to do with the cause of the difficulties experienced in this period? In the "Great Cultural Revolution," people halted production due to wage revolution and engaged in factionalism for a long period. Did the kind of ownership characterized by "everyone eating from the same big pot" have anything to do with it? After thinking about practice and experience, people were finally able to realize that the completion of the socialist transformation, instead of completely resolving the questions on ownership, raised a lot of questions for them to study. As a result, the following questions have been raised one after another: Is the structure of our people's commune which integrates government administration with commune management good or bad? Is it feasible for the state to operate enterprises directly? Are property rights clearly defined when ownership belongs to the whole people? and so on and so forth. Thus began the study once again of the question of ownership in socialist conditions.

## II. The Breakthrough in the Structure of Ownership at the Present Stage

The traditional view holds that socialism means the elimination of private ownership and the establishment of public ownership, and that socialism cannot coexist with private ownership. According to this view, public ownership under a socialist system has only two basic forms, ownership by the whole people and collective ownership, and collective ownership must switch over to ownership by the whole people. We can find this view in the discussion of socialism in every textbook on political economics.

It was according to this model that we tried to establish the relationship of socialist ownership in the past. In doing so, we not only made the two forms of public ownership too exclusive and too rigid, we also inconvenienced the people's livelihood in many respects. Therefore, when our economists began to seriously study the question of ownership of a practical nature in the wake of the 3d plenary session of the 11th CPC Central Committee, the first question they brought up was about the structure of ownership during the contemporary stage. The questions discussed include: Is ours the only model of socialist ownership? Should or should not the individual economy be allowed to exist and develop in a socialist society? At that time, our party had not put forth in specific terms the theory of the primary stage of



socialism. However, some scholars had already suggested that as far as the structure of ownership during the contemporary stage is concerned, we should adopt a policy similar to the one adopted in the period of new democracy, which allows different sectors of the economy to coexist and compete with each other and to develop alongside each other. Under the circumstances where the productive forces in our country are lagging behind and developing rather unevenly, they suggested that in addition to the economic sectors with ownership by the collectives and by the whole people, there should be an individual economic sector and Chinese-foreign joint ventures to play a supplementary role in our socialist ownership system. Both ownership by the whole people in the form of state ownership and ownership by the collectives should be reformed. They called for a conceptual distinction between socialist ownership and ownership in a socialist society. Socialist ownership refers to all types of public ownership, while ownership in a socialist society incorporates different types of private ownership as well as public ownership.

Later, along with the development of reform in practice, the party and the state successively laid down the policy of protecting and encouraging the development of urban and rural individual industrial and commercial businesses and allowing them to employ a specific number of workers, and the policy of bringing in foreign capital and promoting economic integration. In this way, not only has the individual economy recovered and developed in the vast urban and rural areas of our country, but private enterprises employing a considerable number of workers have also appeared. Not only have the Chinese-foreign joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises developed, but the locally initiated and cultivated capitalist economy has also expanded. Not only have the different types of public ownership, including ownership by the whole people, ownership by the collectives and cooperatives, ownership by conglomerates, and ownership in the form of shares prospered, but mixed forms of ownership combining different types of ownership have also appeared. Particularly in recent years, thanks to the theory of socialist commodity economy and the theory of the primary stage of socialism put forward by our party, our understanding of the structure of ownership in the primary stage of socialism has become clearer and more specific. The whole party and the people throughout the country have now accepted the idea that different sectors of the economy and different types of management will exist alongside each other, with public ownership playing a dominant role.

When we say that public ownership plays a dominant role, we do not mean to say that the publicly owned economic sector must dominate the entire economy in terms of number; still less do we mean to say that public ownership must dominate in every locality and every department. Rather, it means that by improving its quality, the publicly owned economic sector can play a leading, guiding, and safeguarding role in the national

economy. However, in the primary stage of socialism, the specific form of public ownership can never be one envisioned by the founders of Marxism, one which is directly controlled and distributed by society; it can only be one controlled and distributed by the enterprise as a unit. Public ownership in the primary stage of socialism can also have many and varied forms. The coexistence of different economic sectors and different types of management should also be viewed as something that will last for a long historical period. Although the private sector of the economy can only play a beneficial supplementary role as it does today, it is an indispensable part which we cannot do without. In the past we generally regarded the individual and capitalist economic sectors as something that hindered the development of the productive forces and that was incompatible with socialist public ownership. However, in fact, the individual and capital economic sectors are all capable of adapting to the needs of the development of the commodity economy. They are most closely linked to the market and are the most vigorous sectors. Under socialist conditions, they can also establish different kinds of links with the public economic sector and subject themselves to the constraints and influences of the public economic sector. Thus, the unity between the dominance of public ownership and the coexistence of different economic sectors naturally becomes the basic economic feature of socialism in its primary stage. With regard to the proportion of each type of ownership in the entire national economy and the relationship between different economic sectors, these matters should be allowed to define themselves and improve step by step in the course of competition and comparison.

### III. A Probing Study Into the Reform of the System of State Ownership

It was after the victory of the people's revolutionary wars, mainly through taking over the enterprises of bureaucrat capitalism and carrying out the socialist transformation of capitalist industry and commerce and by making state investment in construction, that our economic system of ownership by the whole people was gradually established and has become strong. From the outset it took on the form of state ownership in which the state acts on behalf of the whole people to directly exercise the ownership and operational rights for them. Therefore, in China, ownership by the whole people and state ownership connote the same concept. At present, despite reform and readjustment, the economic sector under this kind of ownership still occupies a decisive position in the national economy. In terms of total industrial output value, about two-thirds of it is contributed by industry under ownership by the whole people. In communications and transportation industries, ownership by the whole people accounts for more than 90 percent of the cargo turnover volume. In terms of total volume of retail sales, the portion shared by enterprises under ownership by the whole people is in excess of one-third. Economic development in our country since



the founding of New China cannot be separated from the development of the economy under ownership by the whole people.

Such being the case, are there any drawbacks in China's form of ownership by the whole people? In the past, we regarded this kind of ownership as the advanced form of socialist public ownership. We held that the means of production in the category of ownership by the whole people may be transferred for their use across the whole country in a reasonable way, as long as this was called for by the interests of the entire body of the laboring people. The products produced with these means belong to the whole people, and they may be used to satisfy the needs of the whole people and be placed under unified control covering the entire society, thus making this planned economy at its highest degree. We therefore thought that the system of ownership by the whole people was compatible with the highly socialized productive forces. However, after years of practice, especially after a serious study of this form of ownership, we have finally come to realize that it has a number of shortcomings. 1) Because ownership by the whole people takes the form of state ownership, it is very rare for the state organs of political power not to interfere with the enterprises' operational activities and internal affairs, thus making it hard to completely solve the problem of no separation between government administration and enterprise management. 2) As this kind of economy adopts centralized management by the state and practices unified distribution of revenues and expenditures and mandatory plans directly enforced by the state, the enterprises have become like a counter on an abacus in the hands of the state. They will move only when moved by the higher authorities, and there is not much initiative in them about which to speak. Furthermore, since all activities of the enterprises are directly arranged by the state, it is also impossible for the state to plan correctly and make well thought out arrangement for everything without committing the mistakes of being bureaucratic or subjective. On the other hand, when the state delegates all kinds of powers to the enterprises while relying mainly on economic means to regulate their activities, the enterprises, because of their lack of a self-restraint mechanism, will likely become inclined to aim only for short-term goals, thereby becoming unable to respond to the state's regulatory measures in a sensitive and proper manner. 3) As far as property ownership is concerned, the borderline is not clear. While it is called ownership by the whole people, in reality, no one feels that he has anything to do with an economy under this kind of ownership. This being the case, it is not hard to understand why people take an indifferent attitude toward the properties under ownership by the whole people. These shortcomings in ownership by the whole people make it clear that there are certain contradictions between it and the development of socialist commodity economy. Therefore, it must be reformed.

In the past 10 years we have been fumbling along as we carry out the reform of the system of ownership by the whole people. The very first steps we took were to

expand the decisionmaking powers of the enterprises and let them retain some of their own profits. Later, we substituted the appropriation of funds with extension of credit to them; we scaled down the scope of mandatory planning and increased that of planning by guidance; we instituted the system of paying taxes instead of delivering profits to the state; we enforced the economic responsibility system, and so on. All this is for the purpose of turning the enterprises into commodity producers and operators who can operate independently, assume sole responsibility for profits and losses, and be able to attain added value by themselves. These reform measures have indeed played a positive role in enhancing the viability of the enterprises, but we still have a very long distance to go before reaching the goal of the reform. The reason is that all these reform measures are carried out within the framework of the original ownership system.

It was clearly pointed out in the 1984 "Decision of the CPC Central Committee on Reform of the Economic Structure" that socialist economy is a planned commodity economy and that ownership and operational rights can be appropriately separated. Since separating government administration from enterprise management, our realization of the need to reform the system of ownership by the whole people has developed to a new stage. On the one hand, the efforts made by the theoretical circles to study the reform of this system of ownership by the whole people have become more practical and specific as they have come up with a number of proposals and plans on how to deal with the issue and started various kinds of experiments. At the same time, the state has also adopted some practical measures. These include measures to popularize the practice of a contracted operations system in the large and medium enterprises, to push for the leasing system in regard to the small enterprises and, in the case of some of the small enterprises, mostly commercial enterprises which are not only poorly managed but for which state ownership also need not apply, to shift them to ownership by the collective or ownership by the individual by selling or transferring them. In addition, the state has also experimented with the joint-stock system in selected enterprises of various kinds. At present, the contract system and the leasing system have already become the major operational approaches to invigorate the enterprises, large and medium enterprises in particular.

The fact that we have come to realize the possibility of separation between ownership rights and operational rights of the enterprises under ownership by the whole people should be taken as a theoretical breakthrough. In spite of the fact that the development of capitalist economy has long provided the evidence of all sorts of practices of the separation of these two rights, it seemed to us that the separation of these two rights should not be applicable for our enterprises under ownership by the whole people because they had long been practicing ownership by the state and operation by the state. Now we realize that these two rights can be separated. This means a new basic point has been firmly established for

the reform of the system of ownership by the whole people. Nevertheless, the economics circles are still holding different views with regard to whether it is possible to completely separate these two rights within the framework of the system of ownership by the whole people, whether it is necessary to realize this complete separation, and whether it is advisable to let the enterprises have the economic right of ownership [jing ji di suo you quan 4842 3444 4104 2076 2589 2938].

Operation by contracts and operation by leasing are precisely the practice of reforms carried out under the guidance of the theory of separation of the two rights. Both are good operational forms by which operators of the enterprises can have broader operational rights while the enterprises themselves remain under state ownership. They are conducive to strengthening the responsibility of the operators and making the enterprises market oriented. Therefore, their effects are obvious and must be affirmed. However, many comrades in the economics circles hold that the positive effects of such operational forms are limited, and there clearly are shortcomings in them. For instance, when the signing of a contract is being negotiated between one party and another for operations by contract or by leasing, it is not only difficult to standardize the procedures and avoid the trouble of bargaining, but will objectively lead to increased government interference in the operations of the enterprises as well. Moreover, such forms of operations do not provide the possibility to solve once and for all the problem of enterprises being willing only to be responsible for their profits but not for losses, the problem of the enterprises gearing their production activities to short-term goals, and the problem of an indistinct borderline for property rights. Some comrades advocate the transition of the contract system to the joint-stock system. Some hold that the problems of the contract system should be solved through instituting supplementary measures, perfecting the system, and developing it. They think that the contract system and joint-stock system can be combined with each other but one can not replace the other.

To meet the needs of development of the socialist commodity economy and make enterprises independent commodity producers and managers, it is imperative to consider the reconstruction of the relationship and structure of ownership of state enterprises and to establish a system whereby the enterprises will act as legal entities. A fairly good approach to this is to create conditions for test implementing the shareholding system in large and medium state enterprises, so that they will become completely independent commodity producers and managers and have the right to dispose of their own property. Many economic scholars hold that the appearance and development of the shareholding system represents the progress of history and is a phenomenon created by the commodity economy. This system can be adopted by socialism as well as by capitalism. As Marx pointed out, the shareholding system can turn the scattered private capital into social capital and can quickly gather a large

amount of funds to do something that individual capital cannot accomplish. This system is also applicable to the socialist economy. Moreover, by implementing the shareholding system in state enterprises, their ownership will become clarified, and mechanisms for self-management and self-control can be established. This system will also make it possible to extricate the enterprises from dependence on the state, thoroughly separate government and enterprise functions, prevent the state from interfering in enterprise administration, effectively utilize resources, and achieve an optimum and dynamic organization of production elements. As can be seen, the implementation of the shareholding system is not to deny the public ownership system; rather it is a way to reform the public ownership system. With regard to the shareholding system, however, there are still variant understandings about its theory, and many problems still exist in practicing it. All these require our further efforts to study and explore solutions.

(Work unit of the writer: Office of ZHONGGUO SHE-HUIKEXUE ZHAZHI [0022 0948 4357 2585 4430 1331 7177 1807 CHINA SOCIAL SCIENCE MAGAZINE])

#### Footnote

1. *Complete Works of Marx and Engels* vol IV p 352.

**Reinterpreting the Theoretical Basis for the 'Double Hundred' Policy**  
*OW3012214988 Beijing QIUSHI in Chinese*  
*No 11, 1 Dec 88 pp 26-31*

[Article by Tao Delin 7118 1795 7792]

[Text] I. Where does the crux of the issue lie?

The "double hundred" policy [let a hundred flowers blossom and a hundred schools of thought contend] has been put forward more than 30 years ago. When this policy was first solemnly announced in 1956 to promote the development of arts and technology, and bring prosperity to socialist culture, it had naturally aroused the hearts of millions of people who harbored lofty ideas. It also enlivened a nation that has never been so enlivened before. However, contrary to the people's expectations, things suddenly changed in less than a year. This was followed by 10 years of turmoil and then the demise of the "Gang of Four." It was not until the convention of the 3d plenary session of the 11th CPC Central Committee that darkness was swept away, and things began to clear up. Presently, the central authority has repeatedly emphasized the expansion of socialist democracy, and the creation of a relaxed environment and harmonious atmosphere. This has greatly boosted the confidence of the people. Therefore, it is only a natural outcome to discuss "double hundred" and "freedom." It is a sign of awakening, and rays of hope. If one does not look critically back at a history that still brings painful memories, and search for the crux of the problem after having

walked through such a tortuous road and having paid such a high price, one will not be able to protect and build on the success one has achieved after so much effort.

Why is the road so tortuous, and the price so high? There seems to be a self-evident answer to this: The "double hundred" policy itself is a perfect policy; the problem lies in interference, deviations, failure to implement it properly, and very often the policy has been subjected to violations. In other words, if from now on, we eliminate interference, prevent deviations, and implement in full the "original meaning" of the "double hundred" policy, we will be able to attain our objective to bring about a prosperous socialist culture. I feel that this answer should be discussed further. I believe that if we do not wish to avoid the crux of the issue we must frankly admit that when the "double hundred" policy was put forward, it did not, at that time, have any in-depth theoretical explanation although there has been a sincere wish to use this policy to advance arts, literature, science, and technology in China. After that, under the impact and influence of the "Hungarian Incident" and compounded by the wrong judgment on China's situation at that time, the gist of the "double hundred" policy was revised. After this sort of revision, the theoretical bases of the "double hundred" policy were no longer Marxist theories concerning the laws of knowledge and culture development. It has been drastically distorted and changed into a "class struggle" theory. As a result, the "double hundred" policy ran counter to bringing prosperity to socialist culture and could no longer be integrated into one. Under the circumstances of having failed to change the serious defects in the state apparatus, even to the extent of failing to be aware of the situation, and a series of misconceptions governing the political life of a socialist country which were still deeply rooted in the minds of our leaders and the people, it has been impossible, under an isolated cultural domain, to hope for the appearance of a policy that will truly enable socialist culture to prosper. I believe this is where the crux of the issue lies.

Today we still stress the need to firmly implement the "double hundred" policy. However, this is no longer the original "double hundred" policy, but a reinterpreted "double hundred" policy, a "double hundred" policy with a different theoretical basis and contents and an entirely new policy. Since the 3d plenary session of the 11th CPC Central Committee, our party has, time and again, stressed and reaffirmed that in exercising its correct leadership in the field of literature and art, the party must firmly implement the policy of letting flowers of many kinds blossom, weeding through the old to let the new emerge, making foreign things serve China and making the past serve the present. In the course of implementing the "double hundred" policy, the emergence of works of different types and forms as well as knowledge and ideas of different types is inevitable. This is a sign of flourishing literature and art. Efforts must be made to encourage works of different styles, forms and schools of thought to compete with one another and the

various views to contend with one another freely on the questions of literature and art. It is certain that such policy will promote progress in science and arts and enhance prosperity in socialist culture. However, to firmly implement this policy, we must correctly understand it; and to correctly understand it, we must clearly point out the differences between the "double hundred" policy which has been promoted by the party central committee since the 3d plenary session of the 11th CPC Central Committee and the "double hundred" policy in the past. Only then can we avoid mixing them up because of their identical words or implementing the new policy on the basis of our old concept.

## II. "Double Hundred" Policy Should Not Become a Strategy of "Class Struggle"

When the "double hundred" policy was first put forward, many people inside and outside the party in the fields of theory, science, literature, art, and education and leading comrades who work in theoretical and propaganda departments had written articles and made explanations with regard to this policy. However, these explanations were made on the basis of their own understanding and knowledge. They were neither classic nor authoritative. They could not represent the true meaning of the "double hundred" policy. To truly understand the true meaning of the "double hundred" policy, we naturally should not regard these explanations as our guidance. We should only regard the published classics as our guidance.

In the documents published in 1957, the theoretical basis and essential points of the "double hundred" policy were clearly pointed out. There was nothing ambiguous. The following arguments were the focal points of this policy:

(1) In the entire socialist historical period, the major contradiction is the contradiction between the proletariat and the bourgeoisie and between the socialist road and the capitalist road. After socialist transformation was completed in the main on the economic front, the question of "which will win out" on the political and ideological front is still not really settled. In the ideological realm, the struggle between proletariat and the bourgeoisie will continue to be long and tortuous and at times will become even very acute. The proletariat seeks to transform the world according to its own world outlook, and so does the bourgeoisie. With regard to the "contention of a hundred of schools of thought," actually there are only two schools of thought contending with each other—the trial of strength or struggle between the proletariat and the bourgeoisie. The task of the proletariat is to struggle against the ideology of the bourgeoisie until the latter is destroyed. In short, this is aimed at "fostering proletarian ideology and eliminating bourgeois ideology."

(2) Most of the advocates and representatives of the bourgeois ideology are intellectuals. Only over 10 percent of the intellectuals in China take a firm proletarian

stand. However, they are bourgeois intellectuals, and their world outlook is basically bourgeois. One, two, or three percent of the intellectuals are extremely reactionary. They seek to overthrow the Communist Party, and restore the old China whenever there is a storm. They are the class enemies. To struggle against bourgeois ideology, we mainly struggle against bourgeois intellectuals.

(3) It is inevitable that bourgeois ideology will express itself. It is impossible to prevent it from doing so. Our struggle against bourgeois ideology will be obstructed if we ban its expression but it cannot be prevented from expressing itself. We can wipe out monsters and demons only when they show up. We can weed out poisonous weeds only after they sprout. Therefore, we should let bourgeois ideology express itself while we struggle against it. The practice of letting people speak out freely, air views fully, hold great debates and write big character posters is the best way to ferret out bourgeois ideology and wipe it out. We should forever pass this practice on because it is a weapon useful to the proletariat and harmful to the bourgeoisie.

This shows that according to the past interpretation, the "double hundred" policy is a policy for waging "class struggle" in the ideological field, as well as a tactic for waging struggle against most intellectuals who represent the bourgeois ideology. In the authoritative interpretation of the "double hundred" policy, it does mention the law of the development of truth and suggest that such a law is the theoretical basis for the "double hundred" policy. However, if we view the interpretation as a whole, it will not be hard for us to find out that the law of the development of truth mentioned here is treated as a special expression of the "law of class struggle" and as the same thing as the "law of class struggle" in the ideological field. Its contents are nothing but "struggle"—a struggle between the very pure "truth" of the advanced class and the very pure "fallacy" of the reactionary class, and a struggle in which "truth" constantly triumphs over "fallacy." When it is applied in the socialist period, it is nothing but another formulation of the struggle between proletarian ideology and bourgeois ideology, in which the former constantly triumphs over the latter. This has nothing to do at all with the law of development of human knowledge discussed in the dialectic materialist theory of knowledge, nor does it have anything to do with the law of development of human culture discussed in the materialist conception of history. It even has nothing to do with the law of class struggle comprehensively discussed in Marxism. Its actual role is to provide a theoretical basis for "fostering proletarian ideology and eliminating bourgeois ideology."

If these views of mine are roughly correct, I may say that the "double hundred" policy then was founded on such a basis: First, a wrong estimate on the class relations and the people-to-people relations in the Chinese society after the basic completion of the socialist transformation; second, a wrong estimate on intellectuals; and

third, a wrong generalization of the law of development of human knowledge and the law of cultural development. It is impossible for such a policy to be a correct policy that conforms to social development, to promote the development of art and sciences, and to lead to social and cultural prosperity. Such a policy can only yield the opposite results.

### III. Some Sayings That Are Apparently Right But Actually Wrong Should Be Clarified

For many years, all of us have such experiences. When a tide of criticism and struggle swelled and created an apathetic atmosphere in which "ten thousand horses were all muted," some efforts to relax the situation and supplementary arguments were needed. However, these supplementary arguments were built on an erroneous theoretical basis just like the "double hundred" policy at that time. They precisely reflected our serious shortcomings in our political concept and system. Here, I would like to analyze several sayings which are most familiar to everyone:

One of the sayings is: Efforts should be made to distinguish academic issues from political ones.

This kind of saying seems to be aimed at preventing academic issues from becoming political issues. However, this kind of saying insinuated two preconditions: The first is that political issues brook no discussion. The second is that academic issues can be distinctly separated from political issues. Both preconditions are wrong.

Let us examine the first precondition. The concept of "political issues" is an extremely flexible one. It can be interpreted in many ways. What kind of issues are they? Do they include political activities that endanger the state and violate the criminal code? These "issues" are originally separated from "academic" issues. They can be handled by public security, procuratorate and judicial organs according to law. Why is it necessary for the theoretical and propaganda departments to "distinguish" one from the other? Are these issues ones that involve the political system, political establishments and political life? Then, the saying that such issues brook no discussion categorically runs counter to the fundamental nature of our state and violates the provisions of China's Constitution on the rights of the Chinese citizens. Naturally this does not mean that all political issues can be openly discussed at any place and without taking into consideration the social effect [she hui xiao guo 4357 2585 2400 2654]. Nor would any one with a sense of responsibility to the cause of socialism and a common sense on rules governing social life approve such a practice. However, it is inconceivable that in a nation where the people are the masters of the country, the people themselves have no rights in principle to discuss political issues. If they have no rights to do so, then what are our people's congresses and CPPCC meetings doing when they convene? Finally, political issues can be

discussed in newspapers now. This is tremendous progress. However, today, 30 some years after the founding of the People's Republic, there is still a need to discuss and talk about something self-evident like this and to convince some people to agree with this concept, while certain people still regard such a concept as a "new" saying which is open to doubt. All this shows that we still have things to do in re-examining the "double hundred" policy.

Let us examine the second precondition. Can academic issues be clearly distinguished from political ones? I believe that it is difficult to do so. Naturally, academic issues are not the same as political issues. However, they do not repel each other. Some of the issues are related. Doubtlessly, there are political issues which are completely irrelevant to academic issues. On the other hand, there are also academic issues which are completely irrelevant to political issues. These issues can be separated, and they can be easily separated. However, what good will the practice of separating these issues do in helping to tackle issues on cultural policy? This is almost meaningless. Numerous issues frequently encountered in science and art are related to politics in varied forms and degrees. It is impossible to completely separate politics from science and art. How many issues of philosophy and natural sciences are not connected with politics? Many branches of sciences themselves, including some parts of Marxism, make politics the target of research. Is "differentiation" possible when both academic and political issues are explored. Even philosophical conclusions in natural sciences and the social application of natural sciences, which themselves have nothing to do with politics, are not unrelated to politics. Weren't Copernicus' heliocentric theory and Darwin's theory of evolution related to the politics of the time through the link of religion? It is practically impossible to completely separate academic issues from political issues. "Differentiation" can only be achieved through artificial and subjective means.

What would be the result of maintaining that academic issues can be completely separated from political issues and that no political issues should be discussed? This will only give some power wielders unlimited freedom with which they can turn any academic viewpoint into a political issue on the basis of the "needs of struggle" and then handle the case as if it were a "political issue." Isn't it true that numerous similar cases have occurred in the past many years in the philosophical, economic, historical, literary and art circles? Moreover, issues related to space study, genetics, archaeology, and anthropology can be easily turned into "political issues." For example, the number of years that have elapsed since the origin of mankind should be a "pure" academic issue, but scholars who have asserted on the basis of unearthed materials that man originated at least 3 million years ago have been subjected to political criticism. Why? Because the assertion contradicts the assertion in some authoritative documents (mankind's history is roughly 1 million years).

Therefore, it became a "political issue" and was subjected to political criticism. Don't think that this is illogical. If the two preconditions are recognized, this is a logical thing.

The second saying: The "three nots," namely, not beating somebody with a stick, not labeling somebody, and not seizing on somebody's mistakes.

The above moves can be carried out under different conditions. Under one condition in which no one has the right to "actually deal with" his opponent, the above moves are exchanged in a controversy. Of course, this method is not in line with the spirit of "fair play." It is not conducive to discussing issues in a peaceful atmosphere and in the spirit of seeking truth from facts. This method should not be promoted because its spread will harm the unity of the cultural circle. However, not many people are afraid of this method because it is not life threatening. Moreover, it is impossible to totally avoid it, and the role it plays is not always a negative one. Sharp and rude criticism and counter-criticism are often accompanied by something like beating somebody with a stick; adding the opponent's viewpoint with "ism" is like labeling somebody; and acutely pointing out the opponent's mistakes in logic or material is like seizing on somebody's mistakes. These things are common in academic controversies. Many similar happenings in history have been highly spoken of. This is something between a bow and "fairness," and since "discussions" that do not touch on the essence of the issues are beneficial to both sides, there is nothing to be afraid of. What is really feared is another condition in which beating somebody with a stick, labeling somebody, and seizing on somebody's mistakes are done in the name of an organization by people with authority to "actually deal with" other people. This second method has two outstanding characteristics: No defense is permitted; it is then followed by "practical handling." Some people said: I am not afraid to be beaten, just as a boxer is not afraid to be hit. If my opponent strikes me, I can defend myself and even counterattack. There is nothing to be afraid of. What I fear is beating with hands and feet bound. Some others said: I do not demand the special privilege of being exempted from criticism, but I do demand the right to counter the criticism. These remarks have really spoken the essence of the matter. Recently, the party Central Committee has repeatedly emphasized that "criticism and counter-criticism should be allowed." This is very important.

Then, isn't it good to announce no beating, labeling, and seizing? The fact is that they are still used when situations call for them, even if nonuse of them has been announced. Wherein lies the problem? It lies in that this saying has a hidden premise that leaders or organizations at a certain level have the right to beat academic workers with a stick, label them, and seize on their mistakes. That is to say, they have the right to strip others of freedom of speech, academic and creative freedoms, and freedom of criticism and counter-criticism, as well as the right to punish others for their speech. They simply choose "not"

to do so. "Three no's" is based on the premise of "three yeses" Beating, labeling, and seizing are completely permitted as long as the situation calls for them. There are no logical contradictions whatsoever. This is why the promise of "three no's" fails to solve problems. To solve the problem, we must completely negate that wrong premise, and unequivocally prescribe and safeguard citizens' freedom of speech, academic and creative freedoms, and freedom of criticism and counter-criticism through law. We must unequivocally prescribe that any behavior infringing upon these freedoms is against the law and will be punished by law.

The third of the sayings is: Committing and correcting mistakes are permitted.

Abstractly speaking, this sentence is blameless, for it is more reasonable than committing and correcting mistakes are not permitted. However, this sentence has failed to solve any problems, although it has been voiced for many years (even those who were responsible for conducting "reeducation" during the "Great Cultural Revolution" used the sentence to guide us). Why? To make this sentence "practicable," [luo shi 5507 1395] we must first make sure who makes a mistake? On what will our criticism be based? Who is to carry out the criticism? Nevertheless, this is not a problem easy to solve correctly. If hard evidence shows a man stealing 100 yuan, then it is undisputable that he commits a mistake. However, it will not be so simple, if one releases his academic views. It may be easier to pass a judgment on a purely technical mistake, but it will be very difficult to resort to a simple method to draw a conclusion on a theoretical point of view. Such a problem can only be gradually solved through the academic circle's free discussions, or rather, through practice. Historically, there are innumerable theoretical issues which people have disputed for hundreds or thousands of years without arriving at a conclusion, or on which they arrived at a conclusion and later rejected it. Some people say: That was a bygone matter. It is easy to handle it now since we have Marxism. Those corresponding with Marxism are correct, while those failing to correspond with it are wrong. In my opinion, this saying itself doesn't correspond with Marxism, for it is against the fundamental Marxist tenet that practice is the sole criterion for testing and understanding truth.

Whether a viewpoint accords with Marxism is itself a controversial issue and can only be gradually straightened out through free discussions and practice. But in the past we often deviated from this path, and right and wrong in academic issues were judged by the individuals or the organs wielding political power. When an individual or organ labeled a certain viewpoint as wrong, the holder of the viewpoint was considered having "made mistakes," and then the remaining question was whether or not to "allow" him to "correct his mistakes." Of course, sometimes the person who was declared as having committed mistakes really committed mistakes. Under the circumstance it was right to allow him to

correct his mistakes (and also to allow him to maintain his viewpoint pending ideological clarification). However, sometimes the person who was declared as having "made mistakes" was actually right, while the person who accused others of having "made mistakes" was actually wrong. It is obvious that it is impossible to distinguish between right and wrong if "permission" is given by a person who is wrong to a person whose viewpoint is right to "correct his mistakes." Of course, it doesn't mean that comrades wielding political power should not express their opinion on academic issues, much less does it mean that these comrades' opinions are wrong. Nevertheless, their opinion is just an opinion; it should not have the power of a judgment. That is to say, people are free to agree or disagree with their opinion. In the congratulatory message delivered by Comrade Hu Qili on behalf of the party Central Committee at the recent fifth congress of the literary and art circles, he said: "As readers and audience, leaders may express their personal views on literary and art works, but their views should not become regulations and directives that must be implemented." All are equal before truth, and no one should enjoy a privilege. Only by ensuring this sacred principle can there be true significance for the proposition that mistakes should be allowed and that those who commit mistakes should be allowed to correct them.

There is another theory: In the academic and theoretical spheres, one should display an indomitable spirit, fearing no imprisonment, no execution, and no expulsion from the party. Viewed from one angle, this theory is quite right. The spirit of fearing no sacrifices in order to safeguard truth is absolutely necessary. On the other hand, however, one cannot but ask: Why is it that expressing one's views involves risks to such an extent in a socialist country where it is deemed that it is much more democratic than in capitalist countries? While the practice of controlling crime with personal remarks is regarded as reasonable and lawful, people are asked not to be afraid, and those who are afraid are criticized for lacking an indomitable spirit. Is this reasonable? In fact, in our ideological and cultural circles there are actually a number of personages who uphold truth in disregard of all consequences. This is the glory of our nation. However, many of them have met with distressing experiences in past years, and their painful encounters have been an inestimable loss to us.

In short, to make the "double hundred" policy truly become a policy to promote progress in arts and science and socialist culture, we must clarify and correct these erroneous explanations in the past and make new and correct explanations. This is type of work needs careful study. I have no plan to dwell upon this issue in detail in this article. However, I believe, our policy in the field of culture should be at least built on the following two theoretical foundations.

The first is the theory of socialist state and laws. This theory must scientifically elucidate the fundamental nature of a socialist state and the rights and obligations

of a citizen. On the basis of this theory, a citizen's freedom of speech is a sacred and inviolable right. A citizen has the right to express his views on various issues including political issues, and he or she is free to engage in academic studies and creations and to conduct criticism and oppose criticism. Whenever a dispute arises, the positions of the disputing sides are equal. No one has the right to suppress the views of the other. To deprive a citizen of his freedom to speak out is an act in violation of socialist law.

The second is the Marxist theory on the development of knowledge and on the cultural development of mankind. This theory should truthfully expose the situation in the development of knowledge and in the cultural development of mankind. It should in no way try to substitute the objective laws with man-made or fabricated formulas. It must not portray the laws in the development of knowledge and culture as accessories to the laws for class struggle. Still less should it portray, greatly distort them and turn them into accessories to the so-called "class struggle."

I think, if the "double hundred" policy can be developed into a cultural policy built on a scientific theoretical basis and an important part of the general guideline for building socialism with Chinese characteristics, and if its implementation can be ensured by legislative means, this policy will definitely be able to bring into full play its great historical role in promoting socialist culture. (Author of this article works for the Wuhan University.)

**How Should We Approach the Current Women's Issues and the Study of Women's Issues**  
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*No 11, 1 Dec 88 pp 32-36*

[Article by Li Xiaojiang 2621 1420 3068 of the Department of Chinese Language, Zhengzhou University, Henan]

[Text] In recent years, and especially after the 13th Party Congress, all trades and professions and all social strata in the country have in one way or another responded positively to the call to take part in economic construction and reform. The women's circle is the only exception. An unprecedented anomaly has appeared within the circle of women, who have always been maintaining unity with the party's central tasks and sharing weal and woe with people in society: Women's issues, which have become increasingly outstanding, and the study of women's issues, which have become increasingly active, have from all directions and time and again given rise to the discussion of the rights and wrongs in economic reform.

It is apparent that women's issues and the study of women's issues are fairly far apart from the central issue, namely economic development. While both issues have been disturbing society in a unique manner and evoking widespread attention, people hold different views

toward them. Many people think that the former—women's issues—are derivative from issues relevant to the establishment of competition mechanisms and that they are likely to hinder economic reform. Some leading members, especially administrators of enterprises, are quite emotional about this. Like a wild flower growing on a piece of meager land, the latter, namely the study of women's issues, is too bland and tasteless when compared with economic and political studies, which are pressing topics during the current drive for reform. Like yesteryears' liberation of women, the study of women's issues seems to be another development ahead of its time, and a luxury compared with the study of such issues of current concern as commodity prices, wages, and housing. Such a mentality is particularly noticeable within the academic circle. Specifically because of this attitude, the decisionmaking stratum and the academic circle, which should foresee and decide on various social phenomena and developments, have been in a passive position vis-a-vis the looming women's issues and the study of women's issues.

**Women's Issues: Are They a Burden for Reform?**

We can say without qualms that today's eye-catching women's issues have been increasing in number as reform continues to deepen. In the past, most of the issues concerning women were those concerning their marriage and families. They had nothing to do with women's employment, and not many people cared to worry about women's liberation.

It is different this year. Women's issues are having a direct bearing on the vital interests of women themselves. The hot topic of discussion early this year was: "Should women return home?" Then came the issues concerning the suspension from work of female workers in factories and mines, cutting female workers' benefits and wages, female college graduates' placement problems, "women's participation in political affairs"—an issue appearing after the introduction of the multiple-choice election system—and other issues. All these issues, which can be categorized as "women's employment issues," seem to have been threatening the results achieved in women's liberation in China. There have been all kinds of different views on such issues. Some people, based on the need to develop production and achieve better economic performance, conclude that it is necessary for "women to return home." Others, based on the principle of equality for social development, expound the far-reaching significance of women's liberation.

If we focus our attention on one family at a time, we will find that women's issues today absolutely are not issues that are simply related to women themselves. The suspension of wives' work, for example, is not simply an issue concerning whether women need liberation; it is also an issue having a direct bearing on their families'



income and living standards. Similarly, problems concerning young women's employment are not only problems concerning their personal careers, but also problems concerning the livelihood and the future of countless women. They are problems linked to the nerve of each family.

However, if we direct our attention to society, our approach toward women's issues will be different. The numerous women's issues today are generated by the need to accommodate economic reform, and they also serve as means our society uses to alleviate the numerous social problems (such as surplus labor, greater labor intensity, and so forth) which are appearing during the course of reform. This is why we can see a strange phenomenon: Men who can tolerate the aforementioned "women's issues" in their families can be exactly the same persons who think "women should return home" in society. Their worries about the employment of their wives and daughters in their families have more often than not become an incomprehensible vivid contrast with their contempt for women's issues in society.

Why? This is an inevitable but distorted mentality created by a long period of social equality between men and women in China.

Women's liberation in China was achieved "ahead of time" through social legislation at a time when productive forces were not developed and women were still not aware of their own values. The "gains" acquired from being "ahead of time" must be made up by the "losses" in other areas. On women's part, because of their dual responsibilities in a society in which living standards are low and productive forces are undeveloped, their burdens have doubled, they have to work like cattle, and they can be exhausted after work. Therefore, it is understandable if some female workers choose to return home. On men's part, under the high pressure caused by undeveloped social production and social civilization [she hui wen ming 4357 2585 2429 2494] they have to prematurely shoulder the burdens of supporting social welfare services for mankind's production and this gives them a lingering fear of the need for further "liberating women" in a society where men and women are equal. This is the cause of most men's distorted mentality toward "women's issues."

We have to admit that the numerous women's issues today are indeed caused by the upsurge of reform in all social sectors. But the pressure comes from two different directions. The first is from society's demand for progress and for breaking the egalitarian practice of eating from the same big pot. This has posed a new challenge to women who are used to depending on men and society, and forced them to be either independent workers governed by competition mechanisms, or to be excluded from the labor market. The other one comes from the loosening of social administration during

reform—a fact which permits the dregs—the traditional forces of the old society—to resurface and exercise a new, real pressure on women today.

Because of these two different types of pressure, there are two diametrically different kinds of women's issues.

The first kind is relevant to "women's liberation." The aforementioned issues, such as "women returning home," "suspension of work," "assignment problems," "participation in political affairs," and others, are normal phenomena during self-realignment of social institutions. Observed from a broad social angle at the present stage, these phenomena are primarily affairs concerning women themselves and are simply not social problems.

These phenomena have appeared and are considered "issues" because the social liberation of Chinese women is "ahead of time." This is to say that, if it had not been for the industrial revolution which spontaneously brought women into society and made them much better educated on the basis of improving their living standards, women's conscious participation in social activities and their wish to realize their own values would have been virtually impossible under the law governing the normal development of productive forces in society. China's actual situation and contemporary history have proved that all social systems, regardless of their forms, cannot possibly surpass the stage for the development of productive forces. Thus, no matter how women's rights are ensured by legislation, all forms of women's liberation may be phony unless productive forces are fully developed and society is free from worries of survival. Today we have acknowledged the low state of productive forces in the Chinese society during the initial stage of socialism and have, in the spirit of seeking truth from facts, reinstated all kinds of economic forms, which had been theoretically denounced, but which are conducive to the development of productive forces at the present stage.

Historical development also proves that women's liberation is conditional. While it requires a society that is highly developed materially, it also requires women's subjective demand for development, namely the awakening of women's subjective consciousness. The material and ideological conditions for Chinese women's social liberation were defective. The defects of the former can be observed from society's impotence in carrying forward women's liberation, even though it wanted to; and the defects of the latter can be observed from Chinese women's utmost insensibility of their own values. Thus, the restoration of Chinese women's actual status should primarily find expression in two respects: First, their economic status; and second, their mental state. Such a restoration is by no means what some people call a negative "regression," but a positive alternative to



"moving one step backward after moving two steps forward" under the current historical conditions (namely social and legal guarantees for equality between men and women).

We have seen, and we will continue to see, that what is known as "restoration of economic status" has two sides: One the one hand, because of the objective law for the development of productive forces, women are subject to replacement and choice, and this has forced some women to return home. On the other hand, because of other job options for women, they can choose to accommodate to reform and find other ways to fill the gaps in the development of productive forces in society; an obvious example is the appearance of the large number of women in tertiary industry. In terms of their mental state, women's response will also be positive. They will no longer require themselves to live up to the traditional requirement of being "a good wife and a good mother"; on the contrary, under the double pressure from society and family, they will squarely face their own values as women and, after realizing them, consciously explore the way to women's liberation.

After knowing the nature of the issues, knowing what measures should be taken to resolve the problems is easy. On the one hand, we must continue to develop society's productive forces, and a high degree of development of productive forces is an absolute necessity. At the same time, during the course of developing productive forces, we should make every effort to create more career opportunities for women. Women's liberation is a historical responsibility of the entire society and one basic mission of a socialist society.

On the other hand, women themselves must depend on their own hard work. In order to find their space for their own development (or liberation) during the current reform, women must first of all readjust their view toward employment as well as their own values, and, in a practical manner, have a clear understanding of the current society and what they must do to liberate themselves. "Liberation" should no longer mean endless requests and expectations for social handouts, nor should it mean that women should continue to judge an unfair society by using the principles for fairness. Women must, under an unfair historical foundation and the current conditions, make themselves an active part of society and be mentally prepared for competing on an equal footing [with men] in an unfair society. This is the premise of the awakening of women's own awareness and a historical and future mission to which Chinese women must commit themselves.

The nature of other issues is different from those mentioned above. Issues like girls being deprived of education, bigamy, and having concubines on the part of husbands; prostitution, unplanned childbirths, and other issues, are pure social problems having the outlook of women's issues. These problems are not inevitable during the progress of society; they are the result of the

resurfacing of the dregs after the loosening of social control. Such problems are not as noticeable as women's employment problems, nor have they directly endangered social order like violent crimes. Moreover, because of the appearance of women's issues, they have now mixed with "women's liberation" as mentioned above. In fact, these problems will exact a heavy toll in the form of endangering social development and sacrificing the future.

Take discontinuing schooling by female children, for example. According to a press report, by early 1988 the number of school-age children who discontinued schooling had reached 2.7 million, of which 83 percent were female children. Unless this problem is resolved, it will lower the quality of the entire nation, particularly that of women in China, and will also impede social development and women's emancipation.

Take another problem—bigamy—for example. This practice is growing secretly among roving self-employed individuals and has become a semi-open secret among businessmen and capital construction workers in coastal areas (see RENMIN RIBAO report on 21 April 1988). The practice is a challenge to the law on monogamy and to social order. Unless it is checked, it will generate a series of malignant social problems.

Furthermore, the problem of prostitution is on the increase in open cities such as Guangzhou, communications centers such as Zhengzhou, and during tourist season such as the flower show in Luoyang; in newly developed Hainan Island prostitution has appeared in the form of a semi-open commodity, resulting in the revival of venereal diseases which had been nearly extinct in China during the past 30 years or so. More than 10 kinds of venereal diseases have been reported. The consequences are unthinkable.

The most serious problem is the disarray in family planning caused by the flow into urban areas of the rural population and individuals engaged in specialized jobs. It has become very difficult to stop them from giving birth in numbers exceeding the limit imposed by the state. Population growth control has also been ineffective in many rural areas. China's natural population growth rate has risen from 11.23 percent in 1985 to 14.08 percent in 1986, and the rate has been rising in the past 2 years. The plan of "limiting China's population to within 1.2 billion" by the year 2000 has gone down the drain.

Most of these problems have emerged during China's reform, and they have become "dead corners" confronting social administration at the present time. Superficially, it seems that these problems have been caused by the backwardness of women and by women in backward areas, but in fact they are problems of social backwardness reflected by women. It should be noted that these problems are corrupting women and seriously endangering society. Although the solution to these problems is

the business of women themselves, women's organizations alone cannot solve them. What is important is that these problems should be separated from the "problem of women's emancipation" and be understood by all. Governments at all levels should set up special organs, draw up good measures, and allocate sufficient funds to tackle them without delay. Otherwise, the problems will adversely affect not only Chinese women but also the entire society and the Chinese nation.

### **Research on Women's Issues: Is It Excessively Wasteful?**

Some people have said women like to catch up with fashion and that the research on women's issues seems to stem from the unchangeable character of learned women who try to catch up with fashion in the upsurge stirred up by many branches of frontier sciences. Some other people believe that the study of women's issues is not compatible with the present national economy and people's livelihoods because it emphasizes a complete view of mankind and all-round human development, and therefore it is extremely wasteful. These views have come from people in the academic circle, most of whom are male scholars who are so strongly committed to reform that they have forgotten themselves and others. It is regrettable that these scholars have neglected one important phenomenon: The present study of women's issues has been undertaken to meet the needs of reform as more and more problems involving women have cropped up in society. Just as the study of women's issues in the West is the result of the new movement for women's rights in the 1960's, the study of contemporary Chinese women is the direct outcome of the current "problems of women's emancipation" in China.

Then, what issues should be considered in the study of women's issues? What is the aim of this study? Can it help emancipate Chinese women and solve social problems in China? These questions have puzzled many people and even many scholars in China.

What does the study of women's issues mean? Generally speaking, it means making a comprehensive and systematic theoretical study, including philosophical and abstract study, of women's issues on a scientific basis. In various countries today, women's liberation has resulted in a series of social problems, shaking the traditional social and ideological structure. Therefore, the times have put forward a new task for us—this is, to raise women's issues to the height of human science and give them a systematic, scientific study to answer and solve a series of new questions brought about by the changes in ideas about women and by the social revolution; in other words, to accelerate the scientization of women's issues on the basis of human system science and make them become a branch of science more quickly. It was precisely with the comprehensive development of human science and women's liberation of the 1960's as its major

background that the study of women's issues emerged. It is the result of a rapid progress in human civilization and a self-questioning of science.

Needless to say, the study of women's issues and its trend of scientization appeared earlier in developed capitalist western countries, and they are a direct product of the new movement for women's rights. What should be pointed out is that the new movement for women's rights in the 1960's was different from the bourgeois movement for women's rights of the 19th century. From the late 18th century to the 19th century, the women's movement was mainly a part of the bourgeois revolution and started first among middle-class women. Its causes were of a specific class nature. For this reason, in the theoretical system with class struggle and social changes as its core, the doctrine for women's rights was indeed of the bourgeois category. In contemporary society, with the increase of social problems of a common nature, the class problem has become less and less conspicuous by the day, and the women's movement has long extended beyond the limits of classes and become an issue of common concern to all countries, peoples, and social strata. For this reason, the new movement for women's rights in western nations in the 1960's exceeded the confines of the bourgeoisie. It was a movement of the women as a "whole" in the western world to demand equal rights in a traditionally male-centered society. The contention has provided a substantive basis for abstract theories in the study of women's issues. The study of women's issues began in the academic field in the late 1960's and began to take shape in the 1970's. Today, those who study women's issues are not limited to a certain sex, and the study has affected the humanities as a whole and created many new branches of science about women, such as the science of women's history, women's anthropology, women's sociology, women's psychology, women's literature, women's aesthetics, and others. In a sense of pure academic research, the study of women's issues may become a new branch of science—the science of women—to make a specific body of research on women and fill a series of blanks in various fields of the traditional humanities. It may also be regarded as a method to re-examine the human existence from the angle of "people of genders." In a realistic sense, the study of women's issues is the result of the women's liberation movement, as well as an important component of the emancipation of women and the whole of mankind. It has provided some indispensable background knowledge and a theoretical basis for solving a series of problems about women.

The study of women's issues in our country began to show some clues in the early 1980's. With the deepening of reforms, problems concerning women have emerged one after another, prompting women to make an urgent appeal to academic circles, and conspicuously showing the urgency and immediate significance of the study of women's issues in our country.

At present there are two basic forces engaging in the study of women's issues in China and promoting the study in two different forms.

One of the forces is in the department of women's federations and it deals directly with women's practical problems. Since 1986, women's federations at various levels have set up one after another women's institutes and societies, launching numerous investigations and studies and sponsoring seminars and study classes reflecting various pressing problems confronting women. However, because such women's organizations are "quasi-official" in nature, they are affected by the political climate to a considerable extent. At the same time, in the absence of academic expertise within women's organizations, it is impossible for them to put forth in-depth solutions to many of the problems already identified.

Another force is in academic circles, and its basic task is to promote the science of women as an academic subject. The study of women's issues in academic circles was started mainly by intellectual women's conscious actions. In 1985, the Henan Provincial Futurology Society founded a women's institute, which is the first unofficial research organization dedicated to the study of women's issues since liberation. In May 1987, Zhengzhou University founded a women's science research center and became the first among schools of higher learning and scientific research institutes in China to set up a special organization for studying women's issues. The University has also offered elective courses, as well as advanced courses and seminars for graduate students, that are related to women's issues. Since then, Henan University has set up a study group on the modern history of women; Beijing and Nankai Universities have offered seminars on the study of women's issues; Jilin University has sponsored a special lecture for graduate students to study women's issues; Zhengzhou and Guizhou Universities have inaugurated elective courses on women's literature; Fudan University has founded a research group on women's issues; Beijing Foreign Languages Institute has set up a study group on women's powers in China and abroad; Shantou University has inaugurated its "Voice of Women"; the Central Party School has spontaneously established a society on women's issues, Henan People's Publishing House has published the first "study series on women's issues"; and so on and so forth. Breaking the barriers of sex and school, academic circles have probed the historical origin and social background of women's issues and conducted in-depth study of human culture from different scientific angles and with a serious scientific approach and a truth-seeking spirit. The actions of academic circles undoubtedly epitomize the actual course of advance in the study of women's issues in China, which is the only way for Chinese women to achieve self-awakening in reasoning. However, it is precisely in this light that the study of women's issues is like a "vase" for decorating the prevailing cultural trend, indeed excessively wasteful for the present-day Chinese society which is anxiously trying to overcome difficulties in everyday life.

Based on the criterion of economic efficiency, the study of women's issues in China today is, no doubt, ahead of time, but is not a "vase." It is originated from the women's issues in the course of reform and, like Chinese women in reform, must seek space for its development in social reform. It must take a down-to-earth scientific approach to meet the following dual challenges from the reality of society and traditional academic circles:

It must face up to the current shocking "women's phenomena" and answer a series of women's issues cropping up in the course of reform to the actual benefit of Chinese women.

It must promote concrete work to make the science of women become a formal subject in teaching and scientific research and to fill in blanks in China's traditional sciences as soon as possible.

It must make a rational summation of "women's issues" so as to raise the study of women's issues to a higher philosophical plane, and thus enrich the philosophy of "man" in a true sense.

These are the unshirkable tasks for researchers of women's issues in China.

So far, China's highest institute of social sciences does not have a special institute nor study assignment on women's issues. Neither does it have a special publication on women's issues. It is true that in an open society, advancement in academic study does not need sanctioning from any authoritative scholar nor from the highest academic organization, and can proceed in dealing directly with the reality of society and the world. However, how should the highest institute of social sciences address the growing issues of women and deal with the increasingly active study of women's issues? In this sense, the outstanding problem of the women's liberation movement and the rise of study of women's issues are the forces propelling social development and scientific advances. While dispelling illusions, readjusting concepts, seeking self-reliance and self-improvement, and actively taking part in society and reform, these forces have also compelled society and academic circles to respond to the "women's phenomena" in their due capacity and according to their responsibility.

#### **A Brief Discussion on the Ideological Trend of Western Marxist Aesthetics**

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[Article by Lu Meilin 7120 2734 2651]

[Text] From the onset of the 20th century, the world has been changing with each passing day. The trends of thought in society continued to evolve, and many schools of aesthetics started to emerge. During this process of evolution and change, they became increasingly polarized. The appearance of Western Marxism during

this period was accompanied by the emergence of esthetic, literary, and art ideologies. This ideological trend in esthetics originated in Germany and Austria, and then continued to flourish in France and Italy. To this date it has a history of more than 60 years. Its development has been complicated, branching into many directions. Many books have been written and they cover a wide range of subjects. They have become the wealth of Western Marxist esthetics. Western Marxist esthetics is a school of thought which has exerted a great influence on contemporary esthetics in Western countries. Its teachings and concepts have spread as far as Asia and Latin America. We should accord more attention to this complex ideological phenomenon, and look into it from different angles. The "Selections from Western Marxist Esthetics," published recently by the Lijiang Publishing House, provides us with ample and accurate research material on this subject.

In relation to orthodox Marxism, "Western Marxism" is a trend of thought which tries to "rediscover" and "reinterpret" Marxism. It attempts to integrate Marxism with other doctrines and to give it a "modern form." Western Marxist esthetics is a "modern form" of Marxism which embodies the appreciation of Marxism with that of literature and art.

In his book *Considerations on Western Marxism*, written by Perry Anderson, a British "New Left" commentator and chief editor of the *New Left Review*, the author describes the characteristics of Western Marxism. He also roughly outlines the studies undertaken by Western Marxists on esthetics, literature, and art based on their subjective qualities and objective conditions. He says: Since the 1920's Western Marxism has gradually moved away from giving theoretical interpretations on major economic or political issues; he adds "they appear to have concentrated their studies on the superstructure." The focus of study in Western Marxism is "culture." They have concentrated their talent mainly on art and esthetics. This turning point has led to the esthetic theories and literary and art doctrines of Western Marxism. Generally speaking, the viewpoints of Anderson can be accepted. However they need to be supplemented further. With regard to Western Marxists, some of them have their beginnings in literature, art, and esthetics. Not all of them have crossed over to esthetics from philosophy. Take for example Benjamin, Sartre, Macherey, and Eagleton. Others have had their beginning in both realms. For example, Brecht, Lefebvre, and Guterman. These minor differences should be taken into consideration.

It can be said that the trend of thought of Western Marxist esthetics began to emerge slowly before the Second World War. Its development and ups and downs are closely related to the revolutionary situations in central and western European countries at that time, the publication of Lukacs' "History and Class Consciousness," the release of Marx's "Paris Manuscripts," and

the important polemic (1934-1937) between German-language writers and theorists, an important stage in the history of Western Marxist esthetics.

It was after the Second World War that the ideological trend of Western Marxist esthetics truly emerged and grew vigorously. This ideological trend was centered mainly in the FRG, France, and Italy. The situation then could be characterized as one in which many distinguished theorists contended with each other. By the late 1950s, the British "New Left" had emerged, which founded the monthly, *NEW LEFT REVIEW*, "rethought" Marxism, and spread "new concepts" of Western Marxism to English-speaking countries. The second generation of the "New Left," on the other hand, laid particular stress on developing a kind of Marxism with a British color. This "New Left" school was nonetheless a disciple of "Western Marxism."

The theories of both the Frankfurt School and of Sartre were tested in the May Storm. This was the period when their theories began to decline. By the 1970s, the momentum of Western Marxism had shifted to Great Britain and the United States.

Since the 1930s, Western Marxist literary theorists have come up with many theoretical models. Generally speaking, there have been, in chronological order, expressionism, the artistic production theory, Freudian Marxism, artistic socialism, existential Marxism, cultural materialism and ideology, and so forth. This is merely a rough categorization. Some theories, while being in the same category, have a different emphasis, and as a result, it is difficult to treat them without making a distinction. It also seems that some theories are closer to Marxism than others while some are diametrically opposed to Marxism. In short, Western Marxist esthetic and literary theories are infiltrated by many non-Marxist elements. In studying the tendencies of European Marxism in 1975, Horowitz said: "Non-Marxist ideologies have penetrated into Marxist doctrine.... When will this penetration lead to the abandoning of the premises of Marxist theory and when will it lead to the absorption of new elements into the basic framework of Marxist theory?"<sup>1</sup> The question he asked was to the point and profound. It was raised from the viewpoint of methodology. It was also a question of how to define the boundary between Marxism and non-Marxism. To him, the "penetration" of non-Marxist ideologies would, under certain circumstances, lead to the loss of the basic premises of Marxism and, as a result, deprive Marxism of its very identity. On the other hand, he also saw the other side of the question, that is: The "penetration" of non-Marxist ideologies does not matter. As long as the method is correct and the question is handled properly, non-Marxist ideologies, instead of destroying the basic framework of Marxist theory, will be absorbed as new elements, enabling Marxism to enrich itself and develop. However, he did not give a direct answer to the question of when the

penetration would lead to the abandoning of the premises of Marxist theory and when it would lead to the absorption of new elements into the basic framework of Marxist theory.

Besides, it was not the first time this question was raised. It was raised as early as in the early 1920s, and Lukacs even tried to answer it. Since then, many theorists have kept studying it. Today, under the new circumstances, our estheticians and literary theorists have also been racking their brains in examining it. Indeed, to understand Western Marxism and its aesthetics, it is necessary to understand what Marxism is, what Marxist esthetics is, and what their essence and characteristics are. This should be the basic point of departure in studying Western Marxism.

In his book, *History and Class Consciousness*, Lukacs answered the question: What is Marxism? He first proposed a "hypothesis": Even if "new probes have led to the demolition of every individual premise of Marxism and the acceptance without reservation of all the new discoveries of modern times," "there is still no need for any serious 'orthodox' Marxist to abandon, even for a single moment, his orthodox Marxism." This is, of course, Lukacs' extreme way of expression. What, then, is orthodox Marxism? He said: "Orthodox Marxism does not mean uncritical acceptance of all the results of Marx's research." He said: "So-called orthodoxy hinges on the methodology alone." He also said: "Dialectical Marxism is the path to truth. Only along the line pointed by its founder can we develop, expand, and deepen these methods.... Any attempt to surpass or 'reform' Marxism has led and will inevitably lead to oversimplification, superficiality, and eclecticism."

To put it more clearly, Lukacs believed that the orthodoxy of Marxism lies in its methodology, namely, dialectics. As regards the premises, conclusions, and research results obtained by Marx, he believed that they can be abandoned, even in their entirety. Orthodox Marxism will remain orthodox Marxism as long as its methodology is adhered to.

When (?H. Kadar) [kai de er 0418 1795 1422] criticized Lukacs' book *History and Class Consciousness*, the first thing he brought up in arguing with Lukacs was what Lukacs called "orthodox Marxism." Kadar pointed out: Lukacs' point of view is questionable. The onesidedness of his view lies in that he separates research methodology from research results and regards "orthodox Marxism" merely as a "research methodology," which has "nothing to do with Marx's research results."

Later, when he talked about this question in his remaining years, Lukacs still believed that his definition and explanation of orthodox Marxism in 1923 were not only correct objectively, but that they can also produce a great impact today when Marxism is about to make a comeback. If we understand him correctly, the general meaning of his statement is: Today Marxism is facing a grave

test and is in need of vigorous development. Only by upholding its methodology can we relieve Marxism from its own crisis and the crisis of faith in it among people, enable Marxism to regain its tremendous vitality, and create a major impact. This is the bounden faith of a firm Marxist faith which is founded on the scientific and truthful nature of Marxism.

Even if this were the case, we still have this question: If the research methodology discovered, reformed, and applied by Marx is so important and correct, why are most or even all of the premises, principles, and theoretical research results wrong, unsuitable, and in need of being abandoned? To put it in another way, if this is the case, where does the correctness of the research methodology reflect itself and to what extent? Of course, when we say "even" and "all," we are also using extreme expressions and we have not yet touched the question of the level of Marxist premises, principles, and theories. To put it in still a different way, what constitutes Marxism and not some other doctrine is its basic premise. Which premises must not be abandoned and which premises of a lower level (or less importance) can be abandoned? These questions also touch on Marxist esthetics, and we can continue to study them.

In his book, *Marxism, For and Against*, R. L. Heilbroner also touched on this question and tried to answer it. He put the question in this way: In what we generally call "Marxism," are there elements which by common acknowledgement share something in common with each other? The thoughts and theories possessing these common elements can be called Marxism, and those which do not possess these common elements cannot be called as such. He gave an affirmative answer to the question whether there are elements that are common in Marxism. He said: "I believe that there exists a complete set of premises which defines Marxist thinking." He believed that this complete set of premises consists of the following:

1. A dialectical approach to knowledge itself;
2. Marxist historical materialism;
3. A general view of capitalism derived from Marx's analysis of society;
4. A belief in socialism defined in a certain form.

The author especially emphasized the fourth point, maintaining that it is a very important common characteristic in clarifying Marxism. He said: A necessary premise for being a Marxist is to jointly establish "the conviction of the integration of theory and practice; that is, believing that Marxist analytical methods will not only explain the past, but will also serve as a guide for action, guiding people to create a socialist future, a future consciously established by mankind for the purpose of seeking the total realization of themselves." The

author was relatively serious in his attitude when clarifying issues. He was not blinded by Western prejudice, and effectively summarized the four points. However, he also took an improper, one-sided, and self-contradictory approach to some issues. Despite this, his answer is worthy of note.

Regarding the issue of what Marxist esthetics is, we have, in recent years, introduced on various occasions the views and opinions of Lukacs, (?Lefschetz) [li-fu-xi-ci 6849 1133 1585 5412], Henschke, (?Plawer) [bo-la-weier 2672 2139 1218 1422], and a number of other foreign Marxist scholars. Chinese scholars have also made considerable efforts to explore this issue in recent years. They all can be taken for reference, and further research can be made into them. I have also thought about this issue when reading some articles in the past several years. Briefly speaking, we are required to begin with Marxist scientific methodology. We should clarify Marxism in its entirety, especially its philosophical theoretical form and the Marxist esthetic theoretical form by using the method of ascending from the abstract to the concrete as indicated by material dialectics, or rather by following the fundamental principle of historicism that logic is consistent with historic essence. We should adhere to the viewpoints of materialism, dialectics, and historicism when dealing with the logical point of departure (or starting point, or developing point) of Marxism and its ontology, theory of knowledge, determinism, and social concept of history, as well as when dealing with concept, scope, and exposition, so as to enable the entire theoretical form to have a consistent internal link and become a well-organized entity. Marxist esthetics is a science of studying the general and special laws of esthetic activities, relations, and consciousness in the material and spiritual life of human society. We must adhere to monism in terms of the highest level of world outlook and methodology, while advocating a variety of methods in dealing with lower levels. By doing so, we will not only adhere to the basic premises of Marxism and Marxist esthetics, but also stick to the principles of materialism, dialectics, and historicism in dealing with new explanations, theories, concrete research methods, viewpoints, and concepts. Those things that conform to Marxism will be assimilated, while those that fail to conform to Marxism but are beneficial will be criticized, transformed, assimilated, and absorbed according to the three principles. This theory of development will keep us abreast of the long process of history and our vigorous social life. It will never wither, stagnate, ossify, or become closed and conservative. As for the essence and characteristics of Marxist esthetics, they have been prescribed by Marxist methodology. One is that Marxist esthetics is critical and revolutionary in nature. The other is that it integrates theory with practice. Marxism belongs to those who support and practice it as a revolutionary theory.

We are even more required to understand, study, and master Marxist esthetics, study art, and study literature because Western Marxism and its theory of esthetics are

connected by name with Marxism. We should not simply reject or negate Western Marxist esthetic and literary theory, neither should we closely follow them, or just imitate or rely on them. We must conduct in-depth practical analysis by adopting Marxism's scientific methods and its attitude of seeking truth from facts as well as by integrating macroscopic and microscopic research. We must be good not only at discarding the dregs and removing the pollutants, but also at picking up the strong points of the various schools of thought so as to develop our Marxist literary and art theory.

#### Footnote

1. See *Several Tendencies of European Marxism*, Chinese edition, p 3.

#### Man's Development and Modernization Program—Notes on the Theoretical Symposium on 'Man's Emancipation and Society's Development'

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[Article by staff writers Chen Qiju 7115 0366 3515 and Li Jinsheng 2621 2516 3932]

[Text] SHIJIE JINGJI DAOBAO, the Institute of Social Development of the Sitong Company, and this magazine jointly sponsored a theoretical symposium on "man's emancipation and society's development" on 24 October 1988. Attending the symposium were some 50 people, including Zhu Houze, Su Shuangbi, Xiao Ming, Fang Rennan, Xue Dezhen, Hu Deping, Li Lianke, Cao Siyuan, Huang Wanshen, Dai Qing, Zhang Zonghou, Ding Ningning, Yuan Zhiming, and Wu Guoguang. Representatives of party theoretical publications, theorists, press workers, and entrepreneurs jointly discussed the definition of man's emancipation, the social and historical conditions for man's emancipation, ideology and man's emancipation, socialist democratic construction, and ways to improve human quality. This was the first such discussion in the past 10 years. China's reform has now entered its 10th year. We suffered bitter lessons in matters concerning man for a relatively long period before the reform. The campaign for emancipating the mind, which has been going on hand in hand with the reform since the 3d plenary session of the 11th CPC Central Committee, has created a good environment for man's emancipation. However, many comrades have noticed that the difficult task of economic construction has prompted people to pay relatively greater attention to economic growth, indicators, ratios, and figures. There is a tendency to ignore man's own construction, which is the promoter of modernization and economic development. A symposium held in 1983 on humanitarianism and alienation [yi hua 8381 0553] could not be deepened, because it was excessively painted with political color. The attendees to the symposium maintained that our current reform has encountered a series of difficulties as a result of both structural causes and

human causes. These mainly find expression in: 1) many workers lack initiative, enthusiasm, and creativity during production; 2) social guarantees needed for realizing individuals' political and economic rights as prescribed by the Constitution remain relatively inadequate; 3) human alienation still exists to a certain degree; and 4) a large portion of the population is poorly educated. Many comrades maintain that the advocacy for "man's emancipation" against this background takes on greater significance.

Modernization calls for both economic modernization and man's modernization. Economic growth and man's development should move forward together, without opposing each other, and should supplement each other. From the symposium, we know there are generally two modes of thought: One is to study man's independent character and its establishment from the angle of subject [zhu ti 0031 7555], value, and culture; the other is to study the social conditions for man's emancipation from the angle of the productive forces, social structure, and the law of social development. The former is aimed at adequately asserting man's consciousness of independence and stimulating every individual to establish a consciousness of his own character against the giant historical background of developing a socialist commodity economy. In this context, whether or not the intellectuals, as an elite social stratum, possess a consciousness of independent character will affect whether or not this consciousness of independent character can be established among the entire people. The latter is a natural road for historical development. It favors a gradual promotion of man's emancipation by pursuing a coordinated development of the productive forces and production relations. Comparing these two modes of thought, we can not abstractly decide which is better, for it may result in an odd circle of logic in the question of man's development—questioning whether it is better to first realize man's emancipation and then to develop the productive forces, or vice versa. Judging from the process of social development, more attendees maintained that man's emancipation depends on the development of the productive forces, which in turn depends on man's emancipation. These two elements have a cause and effect relationship and a mutual reaction relationship with each other.

From the historical angle, man's emancipation means to gradually shake off oppression, suppression, and the binding of man, and to gradually release and develop man's energy during the process of social development. What concrete approaches are there now for man's emancipation?

First, we should greatly promote man's status as a subject [zhu ti 0031 7555]. Some attendees maintained that an important form of expression of traditional Chinese culture is to deny character. An individual can not dominate his own thoughts and acts, and neither does he have the right to dominate himself. He totally belongs to the state and the collective. Man living in such

a culture has lost his status as a subject. Such a consciousness was built up in a feudal society for several thousand years and was intensified by feudal autocratic rulers of the past dynasties. It remains deeply rooted, although it has been enlightened by the 4 May Movement of 1919 and pounded by the socialist revolution. We must establish man's status as a subject in the historical mighty torrent of the commodity economy if we want to adequately arouse man's enthusiasm and creativity during our current reform. Only after every individual can dominate himself in ideology, consciousness, and action can he be regarded as the real owner of rights. Only after he has rights can he have a sense of responsibility and obligation, and enthusiastically and energetically throw himself into the pursuit of reform and modernization.

Second, we should step up the construction of socialist democracy, and establish and perfect the mechanism for human development. Man's emancipation is not an empty slogan in today's society. It means that every individual should be able to enjoy, in a true sense, the rights and obligations of democracy and freedom prescribed in the Constitution. People often say that China is devoid of the tradition of democracy, and the large number of cadres and ordinary people lack democratic habits and accomplishments. This is a fact. However, this fact should not lead to the conclusion that China does not need democracy. Rather, we should say that the Chinese people today especially need to intensify the training of democratic life. With the economic reform and construction entering a crucial stage, the people of the whole nation should jointly discuss national affairs in order to overcome difficulties together. Hence, it is necessary to accelerate the pace of political structural reform and step up the construction of socialist democracy so as to gradually open up the national political life, democratize the procedure for making policy decisions, and ensure the realization of citizens' rights to be kept informed, participate in, and discuss political affairs, and exercise supervision. This is of great significance to man's emancipation. We may as well say that the degree of freedom contained in the legal system is the yardstick for man's emancipation.

Third, we should transform a status quo society to one allowing variation in occupation. This view, put forth by the symposium participants, is food for thought and is, in fact, a question of how to achieve human development. All traditional societies are status quo and are one in which a person's occupation is permanent, lifelong, or even inherited, and where a random choice of occupation can become a fateful or predestined arrangement for life. When the division of labor in society brings about the freedom for individuals to choose their occupations, the status quo society will tend toward dissolution and begin transformation to a modern society allowing variation in occupation. However, the transformation is an extremely difficult process and will be resisted by people who are already in superior positions at the beginning of the division of labor. The simplest way of making



everyone content with his or her status should be the maintenance of the status quo and the establishment of suitable political and legal systems to foster a social mentality of discriminating against one's status. Measures to gradually transform the status quo society to one allowing variation in occupation should include primarily the following: 1) Harmonizing one's rights with his obligations, i.e., more obligations for more rights and vice versa; 2) granting everyone the freedom to choose an occupation, and limiting the tenure of those unwilling to give up their superior positions; 3) making status no longer the main source of power and income, and honoring noble status; 4) eradicating discrimination against one's status and bringing equal opportunity to all. The transformation from a status quo society to one allowing variation in occupation is actually a process of man's emancipation.

Fourth, we should enforce education for all people in order to improve population quality. Before discussing the concrete measures for man's emancipation and development, we should first understand the state of the Chinese people. A fairly large portion of the Chinese population is relatively weak in scientific and general knowledge and physical fitness. According to the 1982 national census, of the 1 billion population, 80 percent live in rural areas and 235 million are illiterate. The illiteracy figure would be far greater than this if calculated according to the State Council's recently promulgated standard requiring the rural population to understand at least 1,500 frequently used Chinese characters in order to be called literate. Moreover, most of the better educated people are concentrated in a few major cities and developed southeast coastal areas. Such an imbalanced distribution of skilled people and knowledge has created tremendous difficulties for social development and man's emancipation. Past and present practices have time and again proved that without raising the whole nation's scientific and cultural standards, science and technology cannot be developed and society cannot advance. However, man's emancipation and improvement of man's quality hinges upon education. Judging from the current stage of developing production in China, training a small number as the "cream" while neglecting the improvement of knowledge, skills, and intelligence for the vast number of skilled people is far from meeting the needs of modern production. To achieve political development and an economic take-off within a relatively short period of time, we must go through an arduous process of human and cultural preparations. Therefore, it is necessary to reemphasize education for all people—a question that has not yet been placed in a genuine strategic position in life.

**Important Topics Promotive of the Study of the History of the CPC—A Summary of the Seminar on the Influence of the 'History of the CPSU' on the Study of the History of the CPC**

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[Li Mingsan]

[Text] On 26 October 1988 the All-China Society for the Study of the History of the CPC, the Beijing Municipal Society for the Study of the History of the CPC, the Party

History Teaching and Research Department of the Central Party School, the Marxism-Leninism Institute of the Beijing Normal University, "Zhonggong Dangshi Yanjiu" [Studies of the History of the CPC], and the Editorial Department of QIUSHI jointly invited scores of researchers of the history of the CPC and the International Communist Movement, who were then in Beijing, to a seminar to discuss the influence of the book *Concise Course in the History of the CPSU (Bolsheviks)* (hereafter referred to as "History of the CPSU") on the teaching and study of the history of the CPC. Attending the seminar were Comrades Liao Gailong, Zhang Jingru, Wang Zhongqing, Wang Yu, Chang Dongren, He Dong, Su Shuangbi, Guo Dehong, Yin Xuyi, and Xu Junqi. This seminar was the first of its kind held by party history scholars in the past 40 years. The seminar was held in a warm atmosphere, and the participants were very enthusiastic about expressing their views.

The participants agreed that the "History of the CPSU" had a profound impact on the teaching and study of the history of the CPC. Two months after the book was published in 1938, chapter 7 and concluding remarks were translated into Chinese versions and then published in the weekly JIEFANG in Yanan. Not long after their publication, three books of translated Chinese versions were popular in the various anti-Japanese bases, areas under the control of the New Fourth Army, and the vast rear areas. By March 1941 more than 100,000 translated copies of the "History of the CPSU" had been published. Except for a small number of personnel, high- and middle-ranking cadres of the party completed a systematic study of the book from May 1939 to March 1941. At the same time, the book was taught as the principal course for all the party's cadre schools. In May 1941 Mao Zedong spoke highly of this book in his "Reform Our Study," saying "It is the best synthesis and summary of the world communist movement of the past one hundred years, a model of the integration of theory and practice, and so far the only comprehensive model in the whole world," and that "in studying Marxism-Leninism," it is necessary to use this book as "the principal material."<sup>1</sup> During the rectification campaign in Yanan, all cadres were required to study the book. In February 1949, the book was made one of the 12 compulsory books selected by the 2d plenary session of the Seventh CPC Central Committee for all cadres to read. In the 1950's following the founding of New China, the book was made a basic course in Marxism-Leninism in institutions of higher learning and party schools. In 1963 the "History of the CPSU" was one of the 30 books on the works of Marx, Lenin, Engels, and Stalin selected by the Propaganda Department of the CPC Central Committee for cadres to read. It should be noted that since the book was introduced to China, the party Central Committee has repeatedly urged the study of the book, which has played an important part in our theoretical work and in education for our cadres and which has an impact on two or even three generations of our party. It should be said that our past teaching and study of the history of the CPC, whether done well, not well, or



even mistakenly, was directly or indirectly related to the "History of the CPSU." Therefore, it is an important and urgent matter to have a correct understanding of the book's influence and to sum up the experience in this respect, because this will make it possible to reverse the downward trend in the study of the history of the party and to better satisfy the needs of the new period. Some comrades have said that to improve the teaching and study of the history of the CPC and promote the development of the history of the history of the CPC, it is imperative to eliminate the negative influence of the "History of the CPSU."

Many comrades, having analyzed from different approaches the negative role of the "History of the CPSU," noted that the book was written under the personal patronage of Stalin and that as struggle between different political lines was its main guiding thought, it profoundly reflected the political situation of the Soviet Union in 1938. It is a book suitable for the political situation of the time. As it contains many problems, it is not a scientific book of history. Theoretically, it gives prominence to publicizing and deifying individual leaders, promoting personal cults, attributing successes and achievements to Stalin, regarding normal differences of opinions as a line struggle, also regarding a line struggle as a class struggle, regarding so-called opportunists as the enemy, maintaining that class struggle in society and a line struggle within the party will become more and more acute during the period of socialist construction and that the area of struggle will steadily expand. In strategic thinking, the book only publicizes class struggle, not unity, publicizing the viewpoint that the best way to destroy a bastion is to attack from within, regarding the petty bourgeois political parties as counterrevolutionary parties, and even encouraging cruel struggle within the working class. In socialist construction, the book one-sidedly stresses transforming the relations of production and calls for the elimination of private ownership as soon as possible, ignoring the development of productive forces, believing that communism will be realized in a short time, and advocating a rigid pattern for socialist construction. In short, the viewpoint that the more "leftist," the better, runs through the entire book. Its methods for studying history are as follows: It focuses on theories, fails to clearly state historical facts, and even replaces history with theories; thus, historical facts become examples and footnotes of theories. It simply draws a conclusion by putting a label on inner party divergence and disputes, without discussing and analyzing them. Its views on some theoretical issues are absolute—maintaining that if it is not this, then it must be that—therefore, its views are seriously mechanistic and metaphysical. It cuts out unwanted materials from historical facts, and even tries to distort historical facts, according to political needs. Concerning compilation and style, clumsy and wordy headlines of about 30 words—the lengthiest one has 97 words—can be found everywhere in the book. One third of the book concerns Lenin's and Stalin's works and quotations. An introduction to a conference is inevitably included in every

chapter. Dialectical materialism and historical materialism, which are unrelated to the content of party history, are added to the book's section II, chapter IV. The book is marked, examined, and approved by the CPSU Central Committee. After its publication, the CPSU Central Committee and the Communist International made a decision terming it an "encyclopedia of Marxism," and called on the Communist Party of various nations to study and heed it. In doing so, the scope of Marxism and Leninism is reduced, while the content of party history is expanded, thus divorcing party history from its own scientific definition, and strangling academic democracy in the study of party history. As a result, only a single school of thought contends.

These serious problems involving the "History of the CPSU" have caused long-term adverse effects on the study and teaching of the history of the CPC. For many years, the "History of the CPSU" has served as a model for many books on the history of the CPC. Vying with one another for modeling after it, they have accepted its erroneous theoretical points of view, taken pains to learn its methods for studying history, and completely borrowed its compilation and style. As a result, dogmatism has become a popular trend in writing. Approximate statistics show that Lenin's and Stalin's names appear in the "History of the CPSU" 512 and 147 times respectively, and quotations from their works account for about 80 pages of the book, while Mao Zedong's name appears in the Teaching Material on the "History of the CPC" [zhong gong dang shi jiang yi]—an edition published in Beijing in 1960—as many as 1,070 times, and quotations from his works account for as many as 150 pages of the book. Some chapters and sections are nothing less than selected readings in Mao Zedong's works. Our cadres, who recklessly believe in the "History of the CPSU" as an encyclopedia of Marxism and Leninism, have accepted quite a few sham Marxist and Leninist concepts, although they have also learned many Marxist theories. The reckless imitation of the structure and style of the "History of the CPSU" has made the content of many books on the history of the CPC fall into a quagmire of works, conferences, and documents. The vast number of people's rich and colorful practical activities are seldom, or never, reported in these books. As a result, their approaches become more and more limited. The long-term reckless imitation of the "History of the CPSU," which is geared to political needs, by regarding the study of party history, which is apparently a historical science, as a discipline of political theories, has made us achieve nothing in the establishment of such basic theories as the target and content of the study of party history, and has seriously impeded the study and development of the science of party history. Our study of party history has lagged far behind that of the other disciplines, no matter in terms of in-depth and extensive study, or in terms of high standard academic achievements.

With regard to the question of the influence which the "History of the CPSU" had on the CPC, some comrades maintain that while seeing its negative influence, of

course, one must not overlook the positive role it has played in the past. No man is perfect. No book is perfect. They are all products of history, and the "History of the CPSU" is no exception. Therefore, the "History of the CPSU" should be analyzed in light of history and by seeking truth from facts. Total negation is untenable. On the positive side, the book reflects the CPSU's major activities at that time. On the basis of a Marxist stand, its authors accurately recorded the historical course of the integration of Marxism with the practice of the Russian Revolution and construction, and they tried to give correct explanations. Thus, it cannot be said that they deliberately distorted or fabricated history. The book introduces a great deal of the basic works and theories of Lenin and Stalin and in this way spreads Marxist-Leninist knowledge. Although some of their views are wrong today, there are also many correct points of view which have played an important role in enabling the CPC cadres to understand and master Marxism-Leninism. Even the role of the theory on class struggle should be analyzed in the light of history. The campaign of taking class struggle as the key link, promoted by our party after 1956, was wrong. But without engaging in class struggle and its highest form of armed struggle, could the period of the Democratic Revolution have succeeded? The book tells people that it is necessary to form a communist party, to unite, to rise in revolution, and to seize political power. These are all statements of truth, not falsehood. The book devotes a great deal of space to introducing and analyzing various major conferences and documents; these constitute the basic structure of the book of party history. Without these conferences and documents, can it be called a book on party history? The viewpoints of the "History of the CPSU" are clear; its writing is succinct. Some of the descriptions are lively, and the titles of chapters and paragraphs reveal their major contents, which makes it easier for beginners to master its basic contents. Therefore, we ought to say that the "History of the CPSU" has nurtured us; its positive role cannot be obliterated. Of course, from today's view, the "History of the CPSU" also reflects Marxist thought, particularly the part on socialist construction, which is hardly compatible with the reality of Russia. But they were mistakes made while probing into previously unknown problems; therefore, they are inevitable and entirely understandable. They can serve as lessons to the benefit of other nations. For instance, as profound social changes, Soviet industrialization and agricultural collectivization cannot be negated merely because of their defects. The view that advocates negating China's socialist transformation under the pretext of eradicating the influence of the "History of the CPSU," as well as the view which even maintains that China is still in a transition period, are totally wrong. The fact is that the "History of the CPSU" has barely influenced China's socialist transformation, and the founding of the CPC is basically correct.

How should the negative influence of the "History of the CPSU" be eliminated in order to promote the study of the history of the CPC? Many comrades have offered

their fine views, which can be summarized as follows: emancipate the mind, break through the forbidden zones, write truthfully, and study the history of the CPC as a serious science; further overcome the tendency of obeying only the wishes of one's superiors or swinging with the political wind; strengthen the building of basic theories on the history of the CPC, which should include understanding the nature of the subject, studying the basic contents of the target of study, expanding the scope of research based on basic theory and method, closely relating research in party history with other subjects, absorbing the good points from these subjects, further perfecting the theory and method regarding the subject of party history itself, and making it a complete science; break away from the system of the "History of the CPSU"; make the change from focusing on individual leaders to the people's practice and activity of struggle as the central theme; and write a scientific book according to the true features of the CPC's historical development in order to integrate history with theory so that it can withstand the examination of history. Party history data should be further opened to the public; let the party history researchers see material that has never been seen before and then write a book on party history which is detailed and concise as well as varied in style. It should be an edition without official revisions (of course there can be another official edition). We advocate allowing a hundred schools of thought to contend, for only through such contention and competition can high quality works appear continuously.

#### Footnotes

1. *Selected Works of Mao Zedong*, Volume III, pp 760-761

**Treating the Foot Will Not Cure the Headache**  
*OW3012214988 Beijing QIUSHI in Chinese*  
*No 11, 1 Dec 88 p 45*

[Article by Wei Jinhua 7614 6855 5478]

[Text] It is only natural that the cure is ineffective and the illness remains if one treats the foot when it is the head that aches.

It has taken me several years to come around to this conclusion. I only began to have a fundamental understanding of the matter after reading the commentator's article "Resolutely Punish 'Bureaucrat Profiteering'" front-paged by RENMIN RIBAO on 3 September 1988. That article was based on a letter, published on the same day, from workers and staff of Shanghai's nonferrous metal industry, and a report by the paper's staff reporter on the Yizheng aluminum products plant, which had been forced to stop production. The report revealed the inside story of speculating officials at each level, who offered to sell products at a high price and made exorbitant profits. Reading the words "if bureaucrat profiteering is not dealt with, factories will have no peace and the

state will have no peace," one realizes how serious this problem has become. This issue has now been brought to attention, but the problem with this issue is: How to deal with it.

Undoubtedly "bureaucrat profiteering" is a salient problem during the course of reform. However, it is only one of the manifestations of an unhealthy tendency within our society and the party. Take for instance the phenomena of "paying school fees" and "nepotism" [zhi qin yuan guan xi wan 4930 6024 4878 7070 4762 4986]; they are just as serious as "bureaucratic profiteering." In recent years, "Made in China" labels intended only for "exports," old stocks "donated" by foreign countries, counterfeits, and goods disposed of at bargain prices have often been found among imported goods. Many losses amounting to several or tens of millions of yuan were reported during each round of talks on "joint venture projects." In the past, I thought that the frequent occurrence of these strange incidents might be due to our ineptitude in dealing with foreigners, or our failure to close deals, so that the individuals involved have been obliged to "pay school fees" (because they have been too kind in judging the intention of foreigners). But after hearing some sources and supported by facts, I soon discovered that things are not that simple. It turns out that certain individuals holding influential positions have taken the opportunity to "convert their authority into capital," and have handed out favors to outsiders. To their own people they claim that they lacked experience and ended up "paying school fees." How much longer can the state and the people put up with this kind of transactions! In some "comfortable" departments, "old-timers" will tell "newcomers": "Don't lie; you cannot gain admission to this unit without any powerful 'connection.'" Other persons interested in the matter could go to the unit and find out about its network of connections; one would find that those who have yet to form a "tight network" will have formed at least a "loose network."

If one looks at these issues closely, one can easily discover that "bureaucrat profiteering," "paying school fees," and "nepotism" are all related directly to "officials." Among these "officials," very few are non-party persons, and some of them hold high office. It is easy for anyone to see that: "Profiteers"—"operators" would be a better name for them—in possession of commodities in short supply are in fact "running the operation" for easy money. They receive their goods from low-level "speculating officials" who issue them approval chits. These low-level "speculating officials" receive their quotas from intermediate "speculating officials," and the intermediate "speculating officials" receive their "mandatory plans" at the discretion of higher "speculating officials." "Kickbacks" are handed out accordingly at each level. In general, this briefly outlines the links and their functions in the "bureaucrat profiteering chain." Therefore, if we are to tackle "bureaucrat profiteering" and deal only with the "operators" and not the "root (source) of profiteering," it will

be like treating the "foot" instead of the "head." The "operators" will not take it because the "speculating officials" will go scot-free. The "profiteers" will continue as before, and come up with more tricks. The same applies to tackling "paying school fees." We should deal with the individuals who are authorized to approve the "school fees" and receive benefits in return. To tackle "nepotism" we must deal with the "networks."

It is regrettable that the shallow and transparent pretexts they offer have been thrown into a "forgotten corner." Much of our energy and attention have been directed to dealing with minor individuals, so-called "flies." Our efforts have not been small, but such actions naturally cannot be expected to produce great results. The story goes that municipal and district authorities in Chengdu City encountered many difficulties when they tried to deal with a much-hated township head in the suburbs. This shows that "it takes more than 1 day for ice to become 3 feet thick." It clearly proves why the social mood and party style during the past few years have not improved. Thus, if we hope to improve our national undertakings and implement a high degree of socialist democracy we must take tough action. Whether we deal with a "tiger" or a "fly," they should all be severely dealt with, although the methods of doing so may be different. The punishment and disciplinary actions provided for by laws and regulations should be applied to their limit; they must be swift and severe. We must not turn to "killing the chicken to scare the monkey." We must remember not to harbor the illusion that we can use a "tiger" to deal with a "tiger," or we will end up with "tigers protecting one another," and with "calamities caused by tigers banding together." Furthermore, we should remember Mao Zedong's reminder: "The masses are the real heroes, while we ourselves are often childlike and ignorant; without this understanding it is impossible to acquire even the most rudimentary knowledge." A common saying also goes: "The eyes of the masses are discerning." If we continue to give "empty slaps" to people who abuse power, violate laws when they are supposed to enforce them, or draw them up themselves, then we can never hope for things to improve. Therefore, quoting the conclusion in the aforementioned RENMIN RIBAO commentator's article, "the people look forward to see us take real action to deal with 'bureaucrat profiteering.'" I hope that sometime something will be done in this respect.

**The Unity of Mental Emancipation and the Truth-Seeking Spirit—Some Feelings From Reading the *Collected Works of Liang Qichao***  
OW3012214988 Beijing QIUSHI in Chinese  
No 11, 1 Dec 88 pp 46-47

[Article by Min Ze 2404 3419]

[Text] I have always thought that theoretical workers should study some history. Studying history can heighten our sense of history, thereby keeping us from making casual, irresponsible remarks; and can also make us

wiser because we can learn from the successes or failures of our predecessors. This is why there is the saying: "People can learn new things from studying old lessons."

These days I have been obsessed with some thoughts spawned from reading the *Collected Works of Liang Qichao*.

Liang Qichao dedicated his entire life to introducing all kinds of modern Western ideas to the Chinese people of his time and to studying Chinese history and classics and examining and critiquing Confucianism, Buddhism, and Taoism. During the course of the Chinese people's mental emancipation, his contributions cannot be erased.

When he was young, Liang Qichao, to keep pace with the needs of his time, was one of the first in modern China who bravely and firmly called for "mental emancipation." He said: "Mental emancipation has all kinds of advantages and no disadvantages," "young people should be permitted to give full scope to their thinking capacity and ask questions about Chinese and foreign doctrines, ancient and modern. Even if they go so far as to criticize Yao, Shun, Tang, and Wu [legendary sages of ancient China], let them do it." Do not be frightened by their "deviations from the right ways," he said, "if those 'ways' are not right, is it not proper to deviate from them and go against them? And if they are indeed the 'right ways,' then when they are liberally attacked and criticized by some people, some others will come forward and defend them and, after repeated dirt-scrapping and polishing, their true value will be revealed, just as the saying goes: 'Genuine gold never fears the test of fire.'" <sup>1</sup> Liang also pointed out: We should, by means of liberal criticism, open "our own path to mental emancipation" and "the path to society's mental emancipation." From observing the Western culture, he realized that "modern European culture is a product of liberal criticism." Under the situation where the feudal society was about to disintegrate but the Chinese people's mental state was still tightly bound by outmoded feudalistic ideas, he went against the timid and overly cautious approaches toward mental emancipation—like the protagonist in Chekhov's story who "earnestly admonishes those big gentlemen concerned with public manners and morals of the time to forget about going against the tide." <sup>2</sup> Such extraordinary sagacity, dauntlessness, and broadmindedness demonstrated by Liang as a reformist are admirable. Is it not true that people still can be tremendously inspired and enlightened by such a spirit and encouraged to emulate our predecessors' unique approach—which has been proven by history to be correct—toward "mental emancipation" today when the Chinese people have again raised the question of mental emancipation (although today's "mental emancipation" differs from that of the past in terms of substance, spiritually it is a continuity of the need of "mental emancipation" in modern China) because of the new need today, the late 20th century!

Of course, because of Liang's proposal for establishing a constitutional monarchy in China, the scope of his "mental emancipation" was greatly restricted. However, the spirit and boldness in his appeal for smashing all types of mental bondage caused by historical development and in his call that people should emancipate their minds and be brave to think independently are beyond reproach.

Not only are his bravery and firmness in calling for "mental emancipation" admirable, but also his sincerity in criticizing himself in his later years. A diligent worker, Liang wrote articles of some 14 million characters during his life time, and his articles, which deal with almost everything in the cultural sphere, have contributed immensely to the study of economy, history, philosophy, geography, education, literature, calligraphy, aesthetics, law, region, and so forth. However, since many articles were written in a hurry, some are unscrupulous and shallow, and some are even self-contradictory. Recalling his past, Liang bravely dissected [as published] and sincerely criticized himself, saying: "While my destructive power in the ideological sphere was indeed immense, my contribution to it was inconsequential. I should share part of the guilt of the unscrupulousness and shallowness in the ideological circle of the late Qing Dynasty. ... I have produced a great deal of works in my life, and they were published as soon as I finished writing them. I once proclaimed that I taught people with what I learned. I did not realize that I had learned nothing. How could I refrain from misleading people when I worked with such an approach? I always proposed that we should bring into China as many ideas of the world as possible without limits, but what we bring in must be the genuine, rational ideas useful to the study among our countrymen. But such a project could not possibly be accomplished without the participation of many people. My involvement was broad but shallow. In every branch of learning, I started commenting on it as soon as I knew a little about it. That was why my works were replete with ambiguities and generalizations, or even sheer mistakes. When I discovered such mistakes and tried to correct them, I contradicted myself." <sup>3</sup>

Liang Qichao's true qualities of a scholar and his total disregard of his own image can be observed here from his broadmindedness, sincerity, and relentlessness in criticizing the mistakes that he committed in introducing Western learning into China. Today while we again call for learning from the West in a broad range of subjects, we should undoubtedly applaud those who have the courage to do so. Needless to say, there are many good examples and achievements of scientific values in this respect. However, at a time when there is an alternate replacement of hectic support for this or that "doctrine," we should by no means encourage "ambiguities and generalizations," or the attitude of starting to teach when our own knowledge is still quite preliminary and shallow—an attitude still embraced by many people. But have we ever observed the self-dissecting and self-criticizing qualities such as those demonstrated by Liang?

Mental emancipation is a trend of our time nobody can resist, and we should emulate Liang Qichao's courage and resolve in advocating mental emancipation. But is it not also true that we should also emulate his attitude of dissecting and criticizing himself and thoroughly study the imported cultures and not rest content with just a little knowledge about them!

"We can learn something new from studying old lessons." Under new historical conditions, we ought to do an even better job than our predecessors in seeking a unity between mental emancipation and a scientific, truth-seeking spirit.

#### Footnotes

1. "Random Observations and Thoughts From Tour in Europe," special edition of *Collected Works of Liang Qichao*, Volume V.

2. Ibid.

3. *An Introduction to Academic Works of the Qing Dynasty* Chapter 26.

#### Praise of Lake Ganjiahu

OW3012214988 Beijing QIUSHI in Chinese  
No 11, 1 Dec 88 p 47

[Article by An Fuxue 1344 4395 1331 of the correspondence department of ZHONGGUO JIAOTONG BAO]

[Text] Ganjiahu Lake at the edge of Junggar Pendi is a vast desert land where death and ruthlessness reign, with deadly heat currents flowing on the horizon and ravaging desert winds swirling in the wilderness. Looking into the distance, all one can see is a wisp of smoke and a cloud of yellow dirt rising from the horizon against the blood-red setting sun. It lies in the northwestern part of Northwest China. Do you want to see the Ili River? It takes at least 3 days and nights on camel back. Nevertheless, one can still see here a sign of unyielding life, the sacsauls [suo suo 2747 2747, or holyxylon ammodendron] of Ganjiahu, a plant the Great Northwest prides itself on, striving to grow in this desolate land. Not a drop of water can be found in Ganjiahu Lake, and yet it is called a lake. Where is the lake? Perhaps it is just part of people's wishful thinking. Like many posts along the ancient silk road, nowadays almost all small villages have names like Qingshui [3237 3055 clear water], Hongliuhe [4767 2692 3109 red willow river], or Tianhu [1131 3275 heavenly lake]. The fact is, there are neither lakes nor rivers here, where a drop of water is as precious as a drop of oil. Study of history shows that such a jocular way of naming places is not unique in Chinese people's humor. Hard land mixed with white alkali, swept up from time to time by roaring hurricanes, have turned this land into a vast dead sea. Imagine how many traders and animals of ancient times are buried in this desert land, and have become fearful mummies. Plants have long deserted this land, cursing it. Only sacsauls,

with their twisted trunks and their desire to live and love, have built stretches of green here. The scorched earth, dry and merciless, more than once breaks their hardy roots and tassels. Yet, they have not been frustrated, tremblingly extending their feelers, from which one could not squeeze even one drop of juice, into the deep of the earth. Thanks to these staunch sacsauls, the bleakness and desolation of Ganjiahu Lake have been made to appear less grim, and travelers feel less despair. But, oh, travelers, when you see this scattering of green on your tiring journey, can you imagine what hardships they have to go through in order to survive?

I thought of many, many things in those days when only sacsauls kept me company in Ganjiahu. Facing those trunks which had been twisted by nature, I felt ashamed for having sung the praise of luxuriant pine trees and having extolled the beauty of willows. A surveyor who traveled with me told me: A young potted landscape artist in Karamay City once collected hundreds of sacsaul stems from Ganjiahu Lake and cultivated them into delicate potted landscapes of various forms. Some of them looked like the goddess of the moon, some like fairy girls spreading flowers, and some even like Japan's Atom Boy [a character from a Japanese cartoon], and America's Donald Duck, who were very popular at that time. Some potted landscape specialists from big cities offered to pay tens of thousands of yuan for one or two of them, only to meet with a shaking of the head and a smile of the owner.

Is it that suffering sharpens one's senses, or scarcity creates value? Is there just a paper-thin difference between ugliness and beauty, between the deserted and the pampered, and between the horrible desert and the appealing greens? These sacsauls, which are so unattractive and ordinary that no member of the family of splendid green plants would bother to take a look at them, have enlightened and inspired so many people. Just as one's will is not shaken by poverty and humbleness, sacsauls staunchly strive to live even when their roots and stems are withered by dryness and thirst; and just as one's integrity is not eroded by wealth and rank, sacsauls stand defiantly in the face of the better endowed members of the plant family and do not allow their soul to be tainted.

Oh, how can I fail to pay my deep respects to you, sacsauls of Ganjiahu Lake, who lack in arrogance but are born with a lofty and unyielding character.

#### Dingshui, Listen to Me

OW3012214988 Beijing QIUSHI in Chinese  
No 11, 1 Dec 88 p 48

[Prose by An Yu 1344 1342 of the Hebei Branch of the China Writers Association]

[Text] Don't blame me if my face lights up with pleasure when we meet.

You are decorated with red lotus and green reeds; men raise fish, women weave at home... I don't remember how many times I have read about you. At heart, I am always your prisoner.

For fully 5 years I did not return. I, like all others who love Baiyangding Lake, did not wish to see a parched, cracked lake bed, dying reeds, or shells crushed to pieces by wheels, nor the stern faces of fishermen walking along the dusty dirt road, with fishing nets on their shoulder, to find work elsewhere.

The days when this bright pearl of north China will display its radiant splendor once again are just round the corner!

Hearing these loud and strong words on the Central Television Station, I was so overwhelmed with joy that even finding a lost family heirloom could not make me happier.

And I came, in a hurry. As I was getting near you, I could feel that my eyes became increasingly dry and my throat increasingly thirsty...

If you thought that I came to admire your beauty or meet the fishermen or friends whom I hadn't seen for many years, you were wrong. If you asked me why did I come, I could only answer: I don't know.

... Ripples were glistening on the lake's surface. You already felt that I had been staring at you for some time and you were staring back at me, with the thousands of glistening ripples as your eyes. We both were silent. It seemed that our eyes were doing an adequate job of exchanging our sentiments and painful regrets.

A ferryman told me that he was so happy that, on the spur of the moment, he wrote a letter inviting a friend to come and see Baiyangding Lake, which was again full of water. No sooner had he sent the letter than he began to regret his rashness. If his friend came, what else to see except water; there was not a single water chestnut, lotus, fish, or shrimp.

The sky and lake water looked their old selves; but the sturdy reeds and delicate lotus flowers were no more. I know that a prolonged drought has spelled disaster here. While people living here and those who cared about this place desperately went round crying for you, you playfully hid behind the clouds and in the reservoirs.

I certainly will reproach you for coming so suddenly and fiercely. Do you know how many fruit trees, crops, fish ponds, and duck pens, with which people in this region with innumerable hardships eke out a living, are buried under you?

You came roaring and in turbulent waves, bringing along silt and polluted water. Now, you were very quiet, as level and smooth as a mirror. To welcome you, villages as well as green reeds that are able to emerge from the water all become your ornament and decorations. People around this water region shed passionate tears at your coming; people afar came to bless you after learning about your arrival...

The love showered on you makes me feel it is unfair!

The shiny backs of people building or repairing ships, the swaying arms of girls weaving or repairing nets, and the passionate greetings to the returned fishermen who have wandered aimlessly all over the country and endured all sorts of hardships...

I suddenly realized why I came here.

Then I asked from the bottom of my heart: Can you, the hated and loved lake water, tell me how long are you going to stay here? No, you cannot keep silent! Your drifting from place to place has brought us innumerable hardships. You probably want to say that it is because we people hurt you first... I shall not let you continue your complaint. I want to tell you in all sincerity that my wish is to let us live in harmony for a long time to come.

You don't believe me? If so, there is nothing I can do except suppress the bitterness in my heart and tell you: If that is true, I shall willingly accept your even harsher punishments a hundred times.